Supreme Court, U.S.
FILED
SEP 29 1995
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No. 95-524

IN THE
SUPREME COURT OF THE UNITED STATES
OCTOBER TERM, 1995

VORNADO AIR CIRCULATION SYSTEMS, INC.,
Petitioner,
v.
DURACRAFT CORPORATION,
Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE TENTH CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

Should a manufacturer be able to use federal patent law as a shield for confusing consumers with copies of another's product shape which is valid and protectable as trade dress under federal trademark law?

STATEMENT PURSUANT TO RULE 29. 1

Vornado Air Circulations Systems, Inc. ("Vornado") has no parent companies, subsidiaries, or affiliates that have issued shares to the public.

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v.

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PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE TENTH CIRCUIT

Petitioner, Vornado Air Circulation Systems, Inc. ("Vornado"), petitions this Court for a writ of certiorari to review the judgment of the United States Court of Appeals for the Tenth Circuit in this case.

OPINIONS BELOW

The opinion of the Tenth Circuit is reported at 58 F.3d 1498, 35 U.S.P.Q.2d 1332 (10th Cir. 1995) and is

reprinted in Appendix A (*infra*, 1a - 37a). The unpublished memorandum and order of the United States District Court for the District of Kansas is reprinted as Appendix B (*infra*, 37a - 118a).

JURISDICTION

The Tenth Circuit entered its judgment on July 5, 1995. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1). The basis for federal jurisdiction in the court of first instance was 28 U.S.C. § 1331; 28 U.S.C. § 1332(a); 28 U.S.C. § 1367; and 15 U.S.C. § 1121. (Appendix B, *infra*, 60a).

STATUTORY PROVISIONS INVOLVED

15 U.S.C. § 1125(a) (Lanham Act, Sec. 43(a)) Unregistered Marks; False or Misleading Descriptions and Representations

Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which -

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

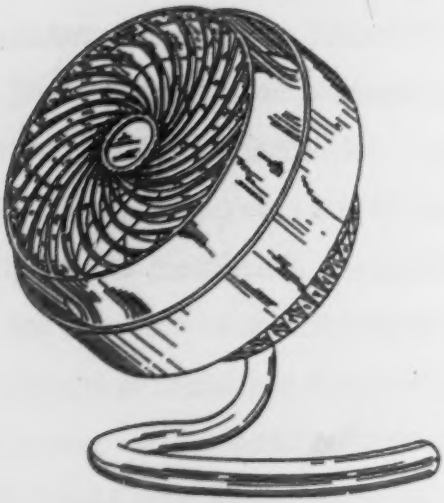
STATEMENT OF THE CASE

This case involves the Tenth Circuit's reversal, on a point of federal intellectual property law, of a judgment by the District Court that defendant Duracraft Corporation ("Duracraft") has infringed Vornado's valid trade dress rights in the spiral grill of its household fans. (Drawings showing the basic "look" of the Vornado and Duracraft fan grills appear on the following page; photographs of the actual fans are attached to the District Court's opinion, Appendix B, *infra*, 115a - 116a.)

SUMMARY

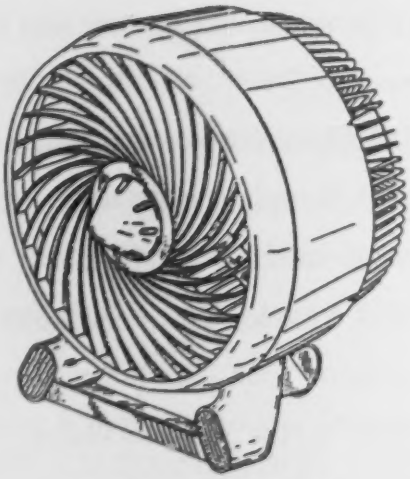
In sum, this case requires resolution of an important issue of federal intellectual property law vital to national competitiveness. For years, federal district and appellate courts have wrestled with this interesting issue, but only on the basis of inferences and intimations drawn from Supreme Court cases which are in the field but not on point.

Should the harmony of federal trademark law and federal patent law be disturbed by pitting one type of intellectual property protection against another? In particular, should federal patent law nullify protection of a product configuration which is valid and protectable trade dress under federal trademark law, **when consumers are confused by copies of the product?** Most federal circuit courts have said "no." Now, the Tenth Circuit has said



Vornado Fan

from D312,124 DX 10
Appeal Record III, 1725



Duracraft Fan

from D323,708 DX 3
Appeal Record III, 1675

"yes." Review by the Supreme Court is needed to rectify this split of circuits and to restore the harmony of federal intellectual property law.

BACKGROUND

The facts of the case pertinent to this petition are simple and undisputed. The Tenth Circuit's decision was limited to a point of law.

In 1988, Vornado began selling household fans made in Kansas and distinguished by a front grill structure with spiral (or arcuate) vanes. In May 1990, Vornado obtained a utility patent (later re-issued) claiming a ducted fan with multiple elements, one being a spiral grill. While the patent described certain practical aspects of the grill, the grill alone was not patented, the general idea being already in the public domain.

Later in 1990 Duracraft began selling household fans made in China with a spiral grill which Duracraft had intentionally copied from the Vornado fan.

1. The District Court Decision

When Vornado sued in federal court to stop Duracraft's grill copying, the principal claim was trade dress infringement under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a). Vornado made no claim of patent infringement, both parties agreeing that the combination of

elements in the Duracraft fan was not covered by the claimed combination of elements of the Vornado patent.

The District Court after a bench trial found trade dress infringement under federal law, and explained its judgment in a 70 page opinion. In particular, the District Court found that the Vornado spiral grill was "inherently distinctive" and therefore valid and protectable as Vornado's exclusive trade dress. The District Court also found that Duracraft's copies were likely to cause confusion - and therefore infringed under 15 U.S.C. § 1125(a).

The District Court carefully considered Duracraft's defense that the spiral grill design was "functional." The functionality test used by the District Court followed controlling Tenth Circuit precedent, and turned on whether "the protection of the configuration would 'hinder competition or impinge upon the rights of others to compete effectively in the sale of goods.'"[1] Focusing on "competitive need", the test is used by most other appellate courts[2]; endorsed by the Supreme Court;[3] and given as

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[1] Appendix B, *infra, 72a (quoting Brunswick Corp. v. Spinit Reel Co.*, 832 F.2d 513, 519 (10th Cir. 1987)).

[2] *E.g., Sicilia Di R. Biebow & Co. v. Cox,* 732 F.2d 417, 429 (5th Cir. 1984); *Clamp Mfg. Co. v. Enco Mfg. Co.*, 870 F.2d 512, 516 (9th Cir.) *cert. denied,* 493 U.S. 872 (1989); *In re Morton-Norwich Prods., Inc.*, 671 F2.d 1332, 1341 (C.C.P.A.

black letter law in the Restatement.[4]

As explained by the District Court in accord with such authorities, the test serves to balance the interests of (l) free competitive copying of unpatented designs, and (2) a marketplace where a seller's goodwill is protected and consumers may make purchasing decisions without trademark confusion. *See esp. Qualitex Co. v. Jacobson Prods. Co.*, __ US __, 115 S. Ct. 1300, 1304, 131 L.Ed.2d 248 (1995)

The District Court applied the competitive need/functionality test to answer the following factual question: Did the Vornado grill afford superior performance characteristics (in terms of superior air flow, strength, manufacturing costs, etc.) so as to be necessary for Duracraft to compete effectively in the sale of fans? In addition to the availability of alternative designs, the Court considered a wide variety of evidence, including Vornado's

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1982).

[3] *Qualitex Co. v. Jacobson Prods. Co.*, ____ U.S. ____, 115 S. Ct. 1300, 1304, 131 L.Ed.2d 248 (1995); *Two Pesos, Inc. v. Taco Cabana, Inc.*, 112 S. Ct. 2753, 2760, 120 L.Ed.2d 615, 627-28 (1992).

[4] Restatement (Third) of Unfair Competition § 17 (1995).

concerning certain practical aspects of the spiral grill appearing in the patent.

In the critical factual finding pertinent to this petition, the District Court found that the Vornado spiral grill was nonfunctional.[5]

It is important to note that the District Court's finding that Vornado's spiral grill is not functional is premised on the same "competitive need" grounds used by the Court in *Qualitex Co. v. Jacobson Products Co.*, ___ U.S. ___, 115 S. Ct. 1300 (1995) in concluding that color alone is not necessarily functional. *Id.* at 1304. In *Qualitex* the Court observed that "the fact that sometimes color is not essential to a product's use or purpose and does not affect cost or quality -- indicates that the doctrine of 'functionality' does not create an absolute bar to the use of color alone as a mark." A functional feature is one which "would put competitors at a significant non-reputation-related disadvantage" to do without. *Id.*

Similarly, the District Court found that Vornado's

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[5] The issue of functionality has been consistently treated as a question of fact. *Brunswick Corp. v. Spinit Reel Co.*, 832 F.2d 513, 520 (10th Cir. 1987); *Vuitton et Fils S.A. v. J. Young Enters, Inc.*, 644 F.2d 769, 775 (9th Cir. 1981); *see Cable Elec. Prods., Inc. v. Genmark, Inc.*, 770 F.2d 1015, 1030 (Fed. Cir. 1985).

spiral grill did not "represent any improvement in performance versus other grills", and did not offer "any savings in manufacturing costs as compared to other grills." Additionally, the District Court found that the spiral grill was "essentially a symbolic feature that is conceptually separate from the utilitarian aspects of the grill" and, therefore, not essential to the fan's use or purpose. Nor were there only a limited number of feasible design alternatives.

The District Court addressed at length Duracraft's legal argument that federal patent law gave it the right to copy the grill. The Court considered the impact of three Supreme Court cases: *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964); *Compco Corp. v. Day - Brite Lighting*, 376 U.S. 234 (1964); and *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141 (1989), as well as the latest circuit court rulings in the field, *Kohler Co. v. Moen Inc.*, 12 F.3d 632 (7th Cir. 1993), and *L.A. Gear, Inc. v. Thom McAn Shoe Co.*, 988 F.2d 1117 (Fed. Cir.), *cert. denied*, 114 S. Ct. 291 (1993).

In the critical legal conclusion pertinent to this petition, the District Court held that federal trademark law did not conflict with federal patent law, given the mediation and accommodation provided by the functionality test. The

court noted that "statutes are to be construed, if possible, in harmony with the Constitution and with other applicable statutes."

Finally, having decided the validity and enforceability of Vornado's trade dress under federal law, the District Court made factual findings that Duracraft's copies had caused likelihood of confusion and were therefore infringements. (Appendix B, *infra*, 94a - 95a).

2. The Tenth Circuit Decision

It is critical to this petition to be clear that the Tenth Circuit's reversal was limited to an issue of law involving the relationship of federal patent and federal trademark protection. The court found them to be in conflict, and resolved the conflict by nullifying trade dress protection on policy grounds.

Duracraft did not challenge -- and the Tenth Circuit did not disturb -- the District Court's factual finding that Vornado's spiral grill trade dress was nonfunctional.[6] There is no question at this stage of the case that Vornado's trade

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[6] As the Tenth Circuit stated (Appendix A, *infra*, 9a n.4): "We need not decide whether the court's factual finding was clearly erroneous, because we decide this case on a point of law." The court further stated (Appendix A, *infra*, 12a): "[F]inding the patent law argument to be dispositive, we do not decide the other questions."

dress is valid and enforceable as far as federal trademark law is concerned.[7] The issue now is not whether the patent is evidence of the functionality of the grill,[8] but whether the existence of the patent is a legal basis for nullification of valid trade dress rights on grounds of public policy.

Nor is there any question about the District Court's finding of likely consumer confusion. Indeed, the Tenth Circuit acknowledged the confusion but dismissed it as "a peripheral concern", apparently based on a hope or expectation that consumers someday will learn not to be confused by product shapes. (Appendix A, *infra*, 34a).

In essence, the Tenth Circuit concluded that it would not construe federal patent law and federal trademark law in harmony and that the Lanham Act "must give way". (Appendix A, infra, 28a). *But see Kohler,* 12 F.3d at 642 ("[A] fundamental rule of statutory construction requires that

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[7] While the Tenth Circuit questioned whether the Vornado grill had "acquired distinctiveness" (secondary meaning), it accepted the District Court's finding that the grill design was "inherently distinctive." (Appendix A, *infra,* 10a - 11a and n.7). Either measure of distinctiveness establishes the validity of the trade dress, as the Tenth Circuit recognized under Supreme Court precedent. (*Id,* 12a - 13a)

[8] This is the usual role of utility patents in product shape trade dress cases. *See* J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 7.29 (1995) (hereinafter *McCarthy).*

statutes are to be construed, if possible, in harmony and with the Constitution and other applicable statutes.") *and* Appendix B, *infra*, 109a.

REASONS FOR GRANTING THE PETITION

1. The Decision of the Tenth Circuit Conflicts with Decisions of the Sixth, Seventh and Other Circuits

At every stage of its reasoning process, and in the final result, the Tenth Circuit split with the other circuits.[9]

The most fundamental split is glaring. The Tenth Circuit's basic conclusion was that perpetual trade dress protection for a nonfunctional product shape appearing in a patent would "significantly undermine[]" (Appendix A, *infra*, 34a); "directly interfere with"; and "impinge[] seriously upon" the patent system. (*Id*, 30a, 31a) By contrast, the generally accepted rule, as stated by the leading commentator, is "that patent, trademark and copyright are separate and independent forms of protection. As a general principle, the presence or absence of one does not automatically preclude protection under another." *McCarthy*, § 6.01[5] (1995). In accord, the Supreme Court

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[9] At places, the Tenth Circuit expressly or tacitly acknowledges the splits with citations to contrary opinions from other circuits. *See* Appendix A, *infra*, 23a - 26a.

has summarized the different principles of patent and trademark protection, as set forth in the margin.[10]

The clearest indicator of a split is the Tenth Circuit's reliance on the reasoning of **dissenting** opinions in recent Sixth Circuit and Seventh Circuit cases, which relied in turn on opinions of yet other circuit courts. (Appendix A, *infra*, 25a - 26a).

• The Seventh Circuit majority in *Kohler Co. v. Moen Inc., supra*, concluded that patent law and trademark law serve different public interests in different ways, without

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[10] **Trademark Law.** "First, patent law seeks to foster and reward invention; second, it promotes disclosure of inventions to stimulate further innovation and to permit the public to practice the invention once the patent expires; third, the stringent requirements for patent protection seek to assure that ideas in the public domain remain there for the free use of public." *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257, 262 (1979).

Patent Law. "The Lanhan Act provides national protection of trademarks in order to secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers. National protection of trademarks is desirable, Congress concluded, because trademarks foster competition and the maintenance of quality by securing to the producer the benefits of good reputation." *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 198 (1985).

conflict.[11]

• The Sixth Circuit majority in *Ferrari S.P.A. Esercizio v. Roberts* [12] reached the same conclusion.

By its specific holding that a utility patent nullifies valid trade dress rights as a matter of policy, the Tenth Circuit acknowledged its split from the Ninth Circuit in a very similar case, *Clamp Mfg. Co. v. Enco Mfg. Co.* There, as here, the district court considered a utility patent as evidence of functionality but finally held, based on all the evidence, that the product configuration was nonfunctional and protectable as valid trade dress. The Ninth Circuit affirmed, implicitly finding no conflict between patent law and trademark law.[13] The Tenth Circuit candidly cited yet

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[11] As authority for this conclusion, the Seventh Circuit relied on, *inter alia, In re Mogen David Wine Corp.*, 328 F.2d 925, 930 (C.C.P.A. 1964).

[12] 944 F.2d 1235, 1241 (6th Cir. 1991) (citing, *inter alia, Truck Equip. Serv. Co. v. Fruehauf Corp.*, 536 F.2d 1210, 1215 (8th Cir.), *cert. denied*, 429 U.S. 861 (1976)), *cert. denied*, 112 S. Ct. 3028 (1992).

[13] 870 F.2d 512 (9th Cir. 1989). While the Ninth Circuit may have "assumed without discussion" (Appendix A, *infra*, 33a - 34a) that a utility patent would not establish trademark functionality as a matter of law, the lower court in that case explicitly stated the assumption in denying a motion for summary judgment on that very issue. *Clamp Mfg. Co. v. Enco Mfg. Co.*, 227 U.S.P.Q. 335, 336 (C.D. Cal. 1985), *later proc.*, 5 U.S.P.Q.2d

other courts having that view. (Appendix A, *infra*, 25a).

The need for Supreme Court review of this case is underscored by the fact that the Tenth Circuit and the others have drawn very different lessons from the same Supreme Court precedents, primarily *Sears/Compco, supra*, and *Bonito Boats, supra.*

In all three cases, the Supreme Court held that states were pre-empted from using state unfair competition laws to bestow patent-like protection on otherwise unprotected designs. Such state protection was deemed to conflict with the federal policy, expressed in the patent laws, of substantially free trade in unpatented designs and utilitarian concepts.

The Tenth Circuit sees in these cases a "clear and continuing trend . . . in favor of the public's right to copy." (Appendix A, *infra*, 21a). No other court has followed such a "trend" to the point of recognizing a right to cause consumer confusion by copying someone else's valid trade dress.

Most recently, majorities in the Seventh Circuit in *Kohler v. Moen* and the Sixth Circuit in *Ferrari v. Roberts* have both rejected so broad an interpretation of

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1643 (C.D. Cal. 1987), *aff'd*, 870 F.2d 512 (9th Cir.), *cert. denied*, 493 U.S. 872 (1989).

Sears/Compco and *Bonito Boats*, citing many precedents. Those circuits point out that the Supreme Court cases involved only federal pre-emption of state law, not the scope of federal trademark or unfair competition law. "**Because trademark law and patent law address different concerns**, and because of the narrow focus of the Supreme Court's inquiry in *Compco* and *Sears*, courts have explicitly held that these decisions do not preclude Lanham Act protection of designs." *Ferrari*, 944 F.2d at 1241 (emphasis added).

Apart from these distinctions, the Supreme Court cases actually give "affirmative indications" that the Tenth Circuit's interpretation is wrong.

First, the Court in *Compco* expressly noted that a competitor can copy at will if the design is "not entitled to a design patent **or other federal statutory protection**." 376 U.S. at 238 (emphasis added). Of course, the Lanham Act, which includes 15 USC § 1125(a), is just such a statute, and so may operate against copying without usurping the patent law.[14]

Second, in *Bonito Boats* the Supreme Court stressed that the reasoning of *Sears/Compco* did not limit federal law:

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[14] *Ferrari*, 944 F.2d at 1241; *Kohler*, 12 F.3d at 640.

> Indeed, there are affirmative indications from Congress that both the law of unfair competition and trade secret protection are consistent with the balance struck by the patent laws. Section 43(a) of the Lanham Act [15 U.S.C. § 1125(a)] creates a federal remedy for making "a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same . . . ." Congress has thus given federal recognition to many of the concerns that underlie the state tort of unfair competition, and the application of Sears and Compco to nonfunctional aspects of a product which have been shown to identify source must take account of competing federal policies in this regard.

489 U.S. at 166.[15]

In sum, the Supreme Court precedents do not support the Tenth Circuit's conclusion. Indeed they point in the opposite direction.

Avowedly in conflict with the other courts that have considered the issue, the Tenth Circuit also held that the

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[15] The Tenth Circuit did indeed "take account of competing federal policies", but with a result in conflict with the other circuits.

functionality doctrine was "an incomplete answer" to the potential conflict between trademark and patent law. (Appendix A, *infra*, 24a - 27a). *See, e.g., Vaughan Mfg. Co. v. Brikam Int'l, Inc.*, 814 F.2d 346, 349 (7th Cir. 1987); *W. T. Rogers Co. v. Keene*, 778 F.2d 334, 337 (7th Cir. 1985) (Posner, J.)[16] Furthermore, the Tenth Circuit acknowledged that its holding would seem to run afoul of the Supreme Court's indication in *Qualitex*, 115 S. Ct. at 1304, of its approval of the "competitive need" test. (Appendix A, *infra*, 24a). *See Kohler Co. v. Moen Inc.*, 12 F.3d at 642.

Finally, while the Tenth Circuit found the legislative history of the Trademark Law Revision Act of 1988 to be "ambiguous", the Federal Circuit has found in it "reassurance that protection of distinctive trade dress was not eliminated by *Sears* and *Compco*." *L.A. Gear, Inc. v. Thom McAn Shoe Co.*, 988 F.2d 1117, 1131 (Fed. Cir. 1993),

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[16] *See also McCarthy* § 7.26[1], at 7-116 (1995) ("[T]he primary rationale behind the public policy requirement of non-functionality is the need to accommodate trademark and unfair competition law with utility patent law.")(citing Dratler, "Trademark Protection for Industrial Designs," 1988 U. Ill. L. Rev. 887, 938-40 (1988)); Reese, "Defining the Elements of Trade Dress Infringement under Section 43(a) of the Lanham Act," 2 Tex. Intell. Prop. L.J. 103, 121 (1994).

cert. denied, 114 S. Ct. 291 (1993).[17]

The consequences of the Tenth Circuit's divergent logic is brought home by applying it to a simple but well known product shape trademark: the unique ring configuration of LIFESAVERS candy, "the best-selling candy in history." Because the shape was shown in a patent which expired in the 1930s, the Tenth Circuit's reasoning

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[17] In this portion of its analysis, the Tenth Circuit relied on an old C.C.P.A. case, *In re Shakespeare Co.*, 289 F.2d 506 (C.C.P.A. 1961). There, according to the Tenth Circuit, the C.C.P.A. held "as a matter of policy" that protection of a nonfunctional trade dress would "impermissibly interfere with the patent law." (Appendix A, *infra*, 24a). If it was "policy" that guided the C.C.P.A., there was very little discussion of it. In any event, the Tenth Circuit overlooked (a) the factual basis of the *Shakespeare* holding that the trade dress was the "necessary" result of using a patented manufacturing process; (2) the fact that the patent was direct evidence of the functionality of the trade dress, *In re Honeywell, Inc.*, 497 F.2d 1344, 1348 (C.C.P.A.), *cert. denied*, 419 U.S. 1080 (1974); and (3) the C.C.P.A.'s later cases which indicate no inherent conflict between patent law and trademark law. *In re Deister Concentrator Co.*, 289 F.2d 496, 501 & n.3 (C.C.P.A. 1961)(Rich, J.)("We . . . see no reason to consider appellant's patents except to the extent they may contain evidence of the functionality of the outline shape sought to be registered as a trademark."). In the view of the C.C.P.A. (now the Federal Circuit), a utility patent may **evidence** functionality, but does not compel divestment of trademark rights **as a matter of policy**. *See In re Morton-Norwich Prods., Inc.*, 671 F.2d 1332, 1340-41 (C.C.P.A. 1982) (patent is one type of evidence of functionality).

would permit the sale of confusingly similar ring shaped candy even though the shape is deemed to be nonfunctional and distinctive trade dress.[18]

2. By Using a Patent to Nullify a Valid Trademark as a Matter of Policy the Tenth Circuit Has Undermined the Carefully Balanced System of Federal Intellectual Property Law

The Tenth Circuit's erroneous premise of fundamental conflict between patent law and trademark law inevitably produced error in the ultimate holding: "We hold that where a disputed product configuration is part of a claim in a utility patent, and the configuration is a described significant inventive aspect of the invention so that without it the invention could not fairly be said to be the same invention, patent law prevents its protection as trade dress, even if the configuration is nonfunctional." (Appendix A, *infra*, 35a - 36a)(citation omitted).

The holding was carefully chiseled into flawed stone. The Tenth Circuit worried that trade dress protection would

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[18] *Nabisco Brands, Inc. v. Conusa Corp.*, 722 F. Supp. 1287 (M.D.N.C.), *aff'd mem.*, 892 F.2d 74 (4th Cir. 1989). The fact that the Lifesavers patent was a design patent, not a utility patent, might distinguish the case, strictly speaking. However, as the Tenth Circuit has pointed out (Appendix A, *infra*, 21a), the "trend" of cases may be "impossible to ignore"; however, one might quibble about technical distinctions.

indefinitely extend Vornado's patent monopoly. The worry was needless because Vornado never had a monopoly (based on a "part of a claim") on the spiral grill (the "disputed product configuration").

This simple fact was obvious from the start of the litigation: Vornado didn't sue Duracraft for patent infringement, **because the patent wasn't infringed**. Duracraft reached that conclusion when originally designing around the patent; Vornado concurred by limiting its complaint to trademark law. (Appendix B, *infra*, 46a - 47a; 50a) Nor did the Court adjudicate the validity of the patent. (Appendix A, *infra*, 16a and n.12).

Vornado never claimed a spiral grill per se as a protectable invention; rather, a grill is merely one element that must exist in combination with other claimed elements in order to be protected by the patent. The claims of a patent define the invention, which is what the patentee temporarily monopolizes and ultimately yields to the public domain. Never having enjoyed a patent monopoly on the grill as such, there was no risk that Vornado would contravene the patent system by extending that monopoly indefinitely. The "disputed product configuration" as such at all times has been outside the enforceable scope of the patent.

The Federal Circuit, specialist in patent matters, has cautioned that, when a utility patent is applied to the issue of product shape functionality, the patent must be properly construed and interpreted in accordance with established rules of patent construction. *Black & Decker, Inc. v. Hoover Serv. Ctr.*, 886 F.2d 1285, 1290-91 (Fed. Cir. 1989). The Tenth Circuit ignored those rules by focusing only on part of a claimed combination; its key phrases ("part of a claim . . . described significant inventive aspect") have the ring -- but not the authority -- of patent law.

The Tenth Circuit feared that Vornado would use its trademark to defeat the patent system, but in actuality has permitted Duracraft to defeat both the trademark system and the patent system. Duracraft the copier has had its cake (avoiding patent infringement) and eaten it too (using the patent to defeat the trademark), leaving Vornado the originator with no rights at all.

As the result of pitting patent law and trademark law against each other, the Tenth Circuit vindicated an illusory patent right at the cost of confusion of the public due to trade dress infringement. For this very reason, all the other courts have accommodated patent law and trademark law with the "competitive need" test. "[T]he public policy involved in this area of the law [is], not the **right** to

slavishly copy articles which are not protected by patent or copyright, but the **need** to copy those articles, which is more properly termed the right to compete **effectively**." *Morton-Norwich,* 671 F.2d at 1339 (emphasis in original).

CONCLUSION

For the reasons set forth, Vornado respectfully petitions this Court for a writ of certiorari to review the judgment of the Tenth Circuit.

Respectfully submitted,

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U.S. Court of Appeals Tenth Circuit

Vornado Air Circulation Systems, Inc.
v.
Duracraft Corporation
No. 94-3191

Decided July 5, 1995

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PUBLISH

UNITED STATES COURT OF APPEALS

TENTH CIRCUIT

VORNADO AIR CIRCULATION SYSTEMS, INC. a Kansas Corporation,	)	
Plaintiff - Appellee,	)	No. 94-3191
v.	)	
DURACRAFT CORPORATION,	)	
Defendant - Appellant.	)	

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF KANSAS
(D.C. No. 92-1543-WEB)

Edward M. Prince, Cushman, Darby & Cushman, Washington, D.C. (Richard L. Kirkpatrick and Peter Gowdey, Cushman, Darby & Cushman, Washington, D.C.; Edward L. Brown, Jr., Wichita, Kansas; and Steven D.

Gough, Todd M. Connell, and Donald N. Peterson II, Kahrs, Nelson, Fanning, Hite & Kellogg, Wichita, Kansas, with him on the brief), for Plaintiff-Appellee.

James W. Dabney, Pennie & Edmonds, New York, New York (Kelly D. Talcott, Carol M. Wilhelm, Michael J. Blum, Pennie & Edmonds, New York, New York; and Gerald Sawatzky and Jim H. Goering, Foulston & Siefkin, Wichita, Kansas, with him on the briefs), for Defendant-Appellant.

Before **ANDERSON**, Circuit Judge, **McWILLIAMS** and **ALARCON***, Senior Circuit Judges.

ANDERSON, Circuit Judge.

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* The Honorable Arthur L. Alarcon, Senior United States Circuit Judge for the Ninth Circuit, sitting by designation.

INTRODUCTION

This case presents an issue of first impression in our circuit concerning the intersection of the Patent Act and the Lanham Trade-Mark Act. We must decide whether a product configuration is entitled to trade dress protection when it is or has been a significant inventive component of an invention covered by a utility patent.

After expiration of any patents or copyrights on an invention, that invention normally passes into the public domain and can be freely copied by anyone. The district court found, however, that because the spiral structure of the household fan grill in question is "nonfunctional," a status largely determined by the availability of enough alternative grill designs so that other fan manufacturers can effectively compete without it, the grill can serve as trade dress.[1] The court held that the grill could be protected under Lanham Act section 43(a) against copying by competitors, because that copying was likely to confuse consumers.

The court's injunction effectively prevents defendant Duracraft Corp. from ever practicing the full

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[1] Under the Lanham Act, trademark owners can register their marks federally and thereby benefit from certain statutory advantages and presumptions. See, e.g., 15 U.S.C. §§ 1065, 1072, 1111. One does not register a product's trade dress--its overall look or image--but trade dress is protected under 15 §43(a) of the Lanham Act, 15 U.S.C. § 1125(a).

invention embodied in the patented fans of plaintiff Vornado Air Circulation Systems, Inc., after Vornado's utility patents expire.[2] For the reasons discussed below, we find this result to be untenable. We hold that although a product configuration must be nonfunctional in order to be protected as trade dress under section 43(a), not every nonfunctional configuration is eligible for that protection. Where a product configuration is a significant inventive component of an invention covered by a utility patent, so that without it the invention cannot fairly be said to be the same invention, patent policy dictates that it enter into the public domain when the utility patents on the fans expire. To ensure that result, it cannot receive trade dress protection under section 43(a). The district court's order is reversed.

BACKGROUND

History of the spiral grill designs

The product configurations at issue in this case are two household fan grills with spiral--or arcuate--vanes, produced by the plaintiff, Vornado, and the defendant, Duracraft.

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[2] It may also interfere with Duracraft's ability to practice other inventors' earlier spiral-vane inventions covered by previous, expired utility patents. But we need not rest our holding on this further interference, because the conflict with the ability to practice Vornado's invention in the future is clear.

The idea of using a spiral grill on a fan is not new. An arcuate vane structure for propellers "applicable to ventilators and the like" was reflected in expired U.S. Patent No. 1,062,258, a utility patent issued May 20, 1913, to G.A. Schlotter, and arcuate vanes were incorporated into a household fan guard as early as 1936, as shown by expired U.S. Patent No. 2,110,994, a utility patent issued to J.H. Cohen.

Vornado began selling its fans with spiral grills in November 1988, at a time when it was the only fan company using that type of grill. On January 9, 1989, Vornado's founders, Donald J. Moore and Michael C. Coup, applied for a utility patent on their ducted fan with a spiral grill. They asserted, among other things, that their spiral grill produced an optimum air flow, although their own tests had shown that it performed about the same as the more common straight radial grill, and later tests suggested that some other grills worked better in some respects.

Their patent application claimed a fan with multiple features, including the spiral grill. The inventive aspect of Vornado's spiral grill was that the point of maximum lateral spacing between the curved vanes was moved inboard from the grill's outer radius, so that it was at the impeller blade's point of maximum power. Vornado emphasizes that its fan grill was not patentable by itself because a spiral grill per se was already in the public domain as "prior art," a patent law term for what

was already known from previous patents or other sources.

On May 22, 1990, Messrs. Moore and Coup were issued a utility patent. They subsequently applied for and on February 22, 1994, were granted a reissue patent expanding their claims, including those that involved the arcuate-shaped grill vane structure.

Vornado advertised its grill as the "Patented AirTensity™ Grill," although the company had no separate patent on the grill. Between January 1989 and August 1990, Vornado sold about 135,000 fans. In its advertising, the company touted the grill as a "true achievement in aerodynamic efficiency," "the result of determinant ergonomic design," with "[u]nique AirTensity™ vortex action," accomplishing "a high degree of safety and functionality." See Appellant's Br. at 8-10; Appellant's App. at 1831, 1977.

In August 1990, Duracraft began offering an inexpensive electric household fan called the Model DT-7 "Turbo Fan." The grill on Duracraft's Turbo Fan incorporated a spiral vane structure that was copied from Vornado's considerably more expensive fan models but was purposely designed not to infringe Vornado's patent. Apart from its look-alike grill and some aspects of the fan blade design, the Turbo Fan differed significantly from Vornado's fans in its overall configuration, its base and

duct structure, its center knob, neon colors, packaging, labeling, and price. See Appellant's App. at 1190 (Mem. & Order). The box in which the Turbo Fan came had a circle; cut out of the front so that the grill design showed through and was emphasized when the fan was displayed in its box.

By November 1992, Duracraft had sold nearly one million Turbo Fans in the United States. The Turbo Fan was the company's second-largest-selling household fan product.

District court's findings

Vornado sued, alleging that Duracraft had intentionally copied Vornado's grill design, but both sides agreed that the Turbo Fan did not infringe Vornado's patents. Vornado argued during the bench trial that the curved vanes in the "Patented AirTensity Grill" were legally nonfunctional, which they had to be in order to be protected as trade dress under section 43(a).

The district court found that the spiral grill was functional in a lay sense but not in a legal sense, based on our definition of trade dress functionality in terms of the competitive need to use a feature. See Brunswick Corp.

v. Spinit Reel Co., 832 F.2d 513, 519 (10th Cir. 1987).[3] The district court found that Vornado's grill did in fact perform a unique function in the way that it shaped the flow of air coming from the fan, but the difference in air flow produced by it as compared with other grill designs was not great enough for a customer to perceive, so it made no competitive difference. The court also noted that other feasible grill structures could easily do as well on other relevant performance tests, and the spiral grill was not shown to be cheaper to manufacture.[4]

The district court did not find enough evidence to support a finding of aesthetic functionality, a type of

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[3] In Brunswick , we examined at length the requirement that a product feature's design be nonfunctional before it can qualify for trademark or trade dress protection. We found that the cone-shaped cover of a spin-cast fishing reel was nonfunctional, because competitors did not need to use it in order to make an equally competitive product. Our definition of functionality relied heavily on the existence of a sufficient number of alternatives, or substitutes, for the design in question. See id. at 518-20. The question of potential conflict with patent law was not before us in Brunswick , however, because the evidence concerning an expired utility patent had not been made part of the record on appeal. See id. at 521 n.4.

[4] Duracraft contends on appeal that the court either overlooked or misunderstood some of Duracraft's evidence regarding the grill's superior efficiency. Appellant's Br. at 37 & n.9. We need not decide whether the court's factual finding was clearly erroneous, because we decide this case on a point of law.

functionality based on decorativeness or attractiveness, which we have previously recognized. Brunswick, 832 F.2d at 519. Nor did the district court find that Duracraft would suffer a marketing disadvantage if it could not use the spiral grill.[5] The court found that the grill's value lay not in its operational attributes but primarily in its appearance, which the court said suggests something about the fan's performance and creatively suggests Vornado's identity.[6]

The court found that the grill design was nonfunctional and held that trade dress protection of nonfunctional product configurations under the Lanham

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[5] The court did not discuss the evidence suggesting that, regardless of whether the Patented AirTensity Grill offered any real operational advantages, Vornado's advertising to that effect had succeeded in convincing at least some customers that it did. See Appellant's App. at 1854-72, 2676, 2678-81, 2683-85, 2701, 2703-05, 2707-09. If Vornado stimulated enough consumer demand to create a submarket for fans with spiral grills, Duracraft would be entitled to compete in that submarket, as well as in the broader fan market. See J.C. Penney Co. v. H.D. Lee Mercantile Co., 120 F.2d 949, 954 (8th Cir. 1941) ("If ... the public believes generally that a certain feature adds a utilitarian value to the goods--whether it actually does or not--and will be materially influenced to purchase them on that basis, over other competitive goods in the market, it will be held to be functional.").

[6] The name "Vornado" is a combination of the words "vortex" and "tornado," and the court found that the spiral design evoked a mental picture of these two concepts.

Act was not incompatible with patent law. The court further found that the grill design was a suggestive symbol combined with a device, and thus inherently distinctive, so that no showing of secondary meaning was required.[7] The court found that consumers were likely to be confused by Duracraft's use of a similar grill, and granted

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[7] Vornado insists in its brief that the district court made an alternative finding of secondary meaning, but what the court actually found was just an association between the grill design and Vornado, not that the primary significance of the design in the consumer's mind was as a brand identifier, rather than as a grill type. Some of our previous cases may have led Vornado to believe that mere association is sufficient. See, e.g., Marker Int'l v. DeBruler, 844 F.2d 763, 764 (l0th Cir. 1988) (stating that a mark has acquired secondary meaning if because of long association with a product or firm it has come to stand for that product or firm in the minds of the public). But the Supreme Court has made clear that the test is the more stringent "primary significance" standard. See Kellogg Co. v. National Biscuit Co., 305 U.S. 111, 118 (1938) (holding that plaintiff company could not monopolize name "shredded wheat" because it had shown only an association in consumers' minds of the name with the company, not that the term's primary significance to the consuming public was the producer, and not the product). For other cases also citing the "primary significance" test, see Qualitex Co. v. Jacobson Prods. Co., 115 S. Ct. 1300, 1303 (1995); Two Pesos, Inc. v. Taco Cabana, Inc., 112 S. Ct. 2753, 2756 n.4 (1992); Inwood Labs., Inc. v. Ives Labs., Inc., 456 U.S. 844, 851 n.11 (1982).

Vornado an injunction but no damages on the section 43(a) claim.[8]

Duracraft contends on appeal that the district court committed legal error in: 1) concluding that Vornado's trade dress claim was not barred by federal patent law; 2) rejecting Duracraft's statutory estoppel argument; 3) concluding that the spiral grill could be a "symbol or device" within the meaning of section 43(a); 4) enjoining the use of the spiral grill without proof of secondary meaning in any relevant market; 5) concluding that Duracraft's continued use of the spiral grill would be likely to confuse an appreciable number of persons; and in 6) issuing a nationwide injunction against continued sales of the Turbo Fan, regardless of how it might be packaged or labeled.

We have considered all of the issues raised by Duracraft, but, finding the patent law argument to be dispositive, we do not decide the other questions.

DISCUSSION

Protection of trade dress under section 43(a)

Section 43(a) of the Lanham Act, 15 U.S.C.

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[8] Vornado did not appeal the court's treatment of its registered trademark and common law unfair competition claims.

§ 1125(a), provides a federal cause of action for unprivileged imitation, including trade dress infringement. Hartford House Ltd. v. Hallmark Cards, Inc., 846 F.2d 1268, 1271 (10th Cir.), cert. denied, 488 U.S. 908 (1988). Trade dress features are those comprising a product's look or image. Brunswick, 832 F.2d at 517. In Hartford and Brunswick, we held that although in the past, trade dress infringement had consisted of copying a product's packaging, "trade dress" modernly could also refer to the appearance of the product itself. As those two cases demonstrate, trade dress analysis may be applied to a single feature or a combination of features.[9]

A plaintiff in a trade dress infringement case must make two showings. First, the plaintiff must show either (a) that its product's trade dress features (or feature) are inherently distinctive because their intrinsic nature is such as to "almost automatically tell a customer that they refer to a brand," or (b) that the trade dress has become distinctive through acquisition of secondary meaning, so that its primary significance in the minds of potential consumers is no longer as an indicator of something about the product itself but as an indicator of its source or brand. See Qualitex, 115 S. Ct. at 1303; Two Pesos, 112 S. Ct. at 2757-60; Kellogg, 305 U.S. at 118. Second, a

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[9] In Brunswick, we found protected trade dress in the cone-shaped cover of a spin-cast fishing reel. See 832 F.2d at 517-20. In Hartford, the protected trade dress was a combination of features in a series of greeting cards. See 846 F.2d at 1270-76.

plaintiff must show that potential customers are likely to be confused by the defendant's trade dress into thinking that the defendant is affiliated, connected or associated with the plaintiff or that the defendant's goods originated with, or are sponsored or approved by the plaintiff. See 15 U.S.C. § 1125(a).

The producer of an allegedly infringing product may defend[10] by showing that what the plaintiff is claiming as its trade dress is functional, and therefore that all competitors must be permitted to copy it in their own products, regardless of any producer-identifying capacity it may possess. See Brunswick, 832 F.2d at 517, 520.

The conflict before us

Subsequent to Hartford and Brunswick, the Supreme Court ruled in Bonito Boats, Inc. v. Thunder

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[10] In its motion for emergency stay pending appeal and in its reply brief on appeal, Duracraft questioned whether the Supreme Court's language in Two Pesos, 112 S. Ct. at 2758, requires us to change our holding in Brunswick, 832 F.2d at 520, that the burden of proof regarding functionality is on the defendant in an unregistered trade dress infringement case. Duracraft failed to raise the burden of proof issue in its opening brief on appeal, and thus it has waived the argument, so we do not reach the question. State Farm Fire & Casualty Co. v. Mhoon, 31 F.3d 979, 984 n.7 (10th Cir. 1994) (citing Headrick v. Rockwell Int'l Corp., 24 F.3d 1272, 1277-78 (10th Cir. 1994)); Abercrombie v. City of Catoosa, Okla., 896 F.2d 1228, 1231 (10th Cir. 1990).

Craft Boats, Inc., 489 U.S. 141 (1989), clarifying that patent law creates a federal right to copy and use product features that are in the public domain, whether under an expired patent or for lack of patentability in the first place. Id. at 165; see also Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225, 229-33 (1964); Compco Corp. v. Day-Brite Lighting, Inc., 376 U.S. 234, 237-39 (1964). Duracraft argues that Bonito Boats means that useful product features, which comprise utility patent subject matter, may not be protected as trademarks or trade dress and thereby be permanently monopolized by a single producer.

Vornado replies that there is no problem or inconsistency in its ability to obtain both patent protection for its fan in toto and trade dress protection for its spiral grill. Vornado argues 1) that of the main Supreme Court cases on which Duracraft relies, Sears, Compco, and Bonito Boats are all distinguishable, and Kellogg predates the Lanham Act; 2) that the Supreme Court and Congress both have said section 43(a) applies to product shapes; and 3) that the functionality doctrine properly reconciles the Patent Act with the Lanham Act, for if a product feature is not necessary to competition, no patent law purpose is served by allowing it to be copied.

We find each of these arguments wanting. At the same time, we need not rule as broadly as Duracraft would have us do either. We need not deal with whether every useful or potentially patentable product

configuration is excluded from trade dress protection.[11] Vornado does not argue that its grill was not a significant inventive component of its patented fans.[12] Without that particular grill, the Vornado fan would not be the same invention that it is. We focus, therefore, on the law with regard to product configurations that are patented inventions or significant components thereof, and whether these product configurations can serve as trade dress.

The statute itself

The wording of section 43(a) does not help us answer the question before us. Neither the latest version of the statute nor the wording prior to the 1988 revision

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[11] Nor do we need to take a position on whether utility patents should be viewed differently than design patents, as some courts have held. See Kohler Co. v. Moen Inc., 12 F.3d 632, 636-43 (7th Cir. 1993); L.A. Gear, Inc. v. Thom McAn Shoe Co., 988 F.2d 1117, 1130-32 (Fed. Cir.), cert. denied, 114 S. Ct. 291 (1993); W.T. Rogers Co. v. Keene, 778 F.2d 334, 337 (7th Cir. 1985); In re Honeywell, Inc., 497 F.2d 1344, 1348-49 (C.C.P.A.), cert. denied, 419 U.S. 1080 (1974).

[12] Indeed, the fact that Vornado applied for and received a reissue patent broadening its claims with respect to the grill would belie any insignificance argument the company might make. The district court noted that neither party had asked the court to rule on the Vornado patents' validity, Appellant's App. at 1152 (Mem. & Order), and it did not do so. Our analysis applies the statutory presumption of patent validity to all of the extant and expired patents involved in this case. See 35 U.S.C. § 282.

makes any mention of product shapes or configurations.[13] We cannot assume by the absence of

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[13] Prior to revision, the relevant portion read:

> (a) Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, and any person who shall with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be transported or used in commerce or deliver the same to any carrier to be transported or used, shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin or in the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of any such false description or representation.

15 U.S.C.A. § 1125(a) (West 1982).

After the revision, the section read as follows:

> (a) (1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact,

such reference, however, that section 43 (a) was not meant to apply to them, because most of the law of section 43 (a) is not reflected in the statute. Justice Stevens has described in great detail the way in which the courts, through "judicial legislation," have expanded the scope of section 43(a) far beyond its original wording as a ban on false designations of geographic origin, creating at least a partial federal law of unfair competition. See Two Pesos, 112 S. Ct. at 2761-66 (Stevens, J., concurring in the judgment); see also J. Thomas McCarthy, McCarthy on Trademarks & Unfair Competition §§ 1.09[3], 27.03[1][b] (3d ed. 1994).

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which--

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities, shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

15 U.S.C.A. § 1125(a) (West Supp. 1995) (This citation also reflects paragraphing changes from a 1992 amendment, but that amendment made no substantive changes to the wording relevant here).

Supreme Court precedents

When asked to balance the concerns of patent law against those of unfair competition law with respect to the copying of product shapes, the Supreme Court has ruled repeatedly over the years that the right to copy must prevail. See Bonito Boats, 489 U.S. at 167-68; Sears, 376 U.S. at 232-33; Compco, 376 U.S. at 235, 238; Kellogg, 305 U.S. at 119-22; Singer Mfg. Co. v. June Mfg. Co., 163 U.S. 169, 185 (1896).

Applying the common law of unfair competition, the Court held in Kellogg that it was not unfair competition for Kellogg Co. to copy National Biscuit Co.'s pillow-shaped shredded wheat cereal after invalidation of the design patent for the cereal shape and expiration of the utility patents for the machines to make it, where Kellogg had made reasonable efforts to distinguish its product by using a different carton, label, company name, and biscuit size. See Kellogg, 305 U.S. at 119-22. In Singer, the Court reached the same conclusion regarding the defendant's copying of Singer sewing machines after their patents had expired. See Singer, 163 U.S. at 185-202.

Sears and Compco pitted patent law's public domain principles against state unfair competition statutes with respect to product copying where patents had been invalidated. In both cases, the Court again held that patent law's public domain concept must prevail over

unfair competition concerns about consumer confusion where those concerns arose solely from the product copying. See Sears, 376 U.S. at 232; Compco, 376 U.S. at 235, 238.

In 1989, in Bonito Boats, the Court yet again addressed the copying of product shapes, and, because of the same patent law public domain concerns, struck down another state statute, this one prohibiting the use of the direct-molding process to copy unpatented boat hulls. Bonito Boats, 489 U.S. at 167-68.

Vornado would have us ignore these holdings, and we must acknowledge that distinguishing Sears, Compco, and/or Bonito Boats has become a veritable jurisprudential art form in recent years, in which we as well as many other courts have engaged. See Brunswick, 832 F.2d at 526 n.7; McCarthy, supra, §§ 7.24[1]7.25[5] (discussing cases); Ralph S. Brown, Design Protection: An Overview, 34 UCLA L. Rev. 1341, 1360-62 (1987); Jay Dratler, Jr., Trademark Protection for Industrial Designs, 1988 U. Ill. L. Rev. 887, 916-24 (discussing courts' use of section 43(a) to make "an end run around Sears/ Compco"). It may come as no surprise that we are able to identify distinctions between those cases and the one before us, the most salient, of course, being that in none of the prior cases did the Court apply federal unfair

competition law under section 43(a) of the Lanham Act.[14]

To say we find distinctions is not the end of the story, however. Although we may not be strictly bound by the Court's holdings in these cases, we find it impossible to ignore the clear and continuing trend they collectively manifest in favor of the public's right to copy. We turn,

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[14] We also can distinguish Singer because it was decided at a time when the tort of unfair competition was generally perceived to require fraudulent passing off, and unfair competition law has since evolved and expanded, so that it may be violated without active deceit, wherever a product shape has acquired secondary meaning and a likelihood of consumer confusion is found. See McCarthy, supra, § 5.02. The force of this particular distinction is reduced, though, by the fact that both the Supreme Court and our own circuit have also preserved defendants' right to copy even where defendants were found to have deliberately palmed off their goods in an effort to deceive consumers. See Warner & Co. v. Eli Lilly & Co., 265 U.S. 526, 531-33 (1924); Midwest Plastics Corp. v. Protective Closures Co., 285 F.2d 747, 750 (10th Cir. 1960) (quoting Reynolds & Reynolds Co. v. Norick, 114 F.2d 278, 281 (10th Cir. 1940)).

Kellogg, Sears, and Compco are distinguishable on the basis that neither secondary meaning nor inherent distinctiveness was found in those cases, whereas in our case the district court found inherent distinctiveness. And, finally, it is possible to distinguish Bonito Boats on the grounds that the statute struck down in that case offered broader protection to product shapes than does § 43(a). See Kohler, 12 F.3d at 641-42.

then, to the legislative history to see whether Congress has reversed this direction.[15]

Ambiguous legislative history

Congress acknowledged and, to some extent, ratified the judicial expansion of section 43(a) in 1988, when it enacted its first comprehensive revision of the Lanham Act. Among other things, Congress broadened the wording of section 43(a), but, as noted above, that wording itself does not help us.

The Senate report accompanying the bill explained that the section was reworded "to codify the interpretation it has been given by the courts. Because Section 43(a) of the Act fills an important gap in federal unfair competition law, the committee expects the courts to continue to interpret the section." S. Rep. No. 515, 100th Cong., 2d Sess. 40 (1988), reprinted in 1988 U.S.C.C.A.N. 5577, 5603.

The district court relied heavily on the Senate report in concluding that Congress intended to grant trademark and trade dress protection to nonfunctional

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[15] Duracraft bases its argument on both the Patent Clause, U.S. Const. art. I, § 8, cl. 8, and the Patent Act of 1952, codified as amended at Title 35 of the U.S. Code. We do not address the constitutional argument, however, unless this case cannot be resolved as a matter of statutory law. Jean v. Nelson, 472 U.S. 846, 854 (1985).

product configurations. That report observed that the courts have applied section 43(a) to cases involving "infringement of unregistered marks, violations of trade dress and certain nonfunctional configurations of goods." Id. (emphasis added). It also stated that in the revised definition of "trademark," the words "symbol or device" were retained "so as not to preclude the registration of colors, shapes, sounds or configurations where they function as trademarks." Id. at 44 (1988 U.S.C.C.A.N. at 5607) (emphasis added).

The district court read too much into this report. We cannot conclude that because at the time of the report, "certain nonfunctional configurations of goods" had received trade dress protection, Congress was saying that in the future, all such configurations should.[16] As of

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[16] Vornado similarly draws too much from the language of two Supreme Court cases it cites. It points to Two Pesos, 112 S. Ct. at 2755 n.1, where the Court adopted a definition of trade dress that included product shapes, and to Bonito Boats, 489 U.S. at 166, where the Court noted that in § 43(a), "Congress has thus given federal recognition to many of the concerns that underlie the state tort of unfair competition, and the application of Sears and Compco to nonfunctional aspects of a product which have been shown to identify source must take account of competing federal policies in this regard." Although both cases support the notion that § 43(a) will protect some nonfunctional configurations, neither requires protection for all such configurations. In determining whether the type of configuration before us should receive trade dress protection, we will follow the Court's instruction and "take account of

1988, when the Senate report made its observation, we are unaware of any legal precedents upholding protection for those nonfunctional configurations covered by utility patents. But there was case law denying protection to a closely related type of nonfunctional design.

In In re Shakespeare Co., 289 F.2d 506, 508 (C.C.P.A. 1961), the Court of Customs and Patent Appeals denied trademark registration to a recognizable spiral marking on fishing rods that resulted from the applicant's patented method for making the rods. The court held, as a matter of policy, that even though the spiral mark itself was nonfunctional, protecting it as a trademark would impermissibly interfere with the patent law. Other competitors either would not be able to use the patented manufacturing process after expiration of Shakespeare's patents, or they would have to go to the trouble of removing the marking. Id.

The Senate report never even mentioned these patent law concerns, let alone purported to address or resolve them.

Functionality doctrine: An incomplete answer

To interpret the Senate report as broadly as Vornado would have us do, we would also have to ignore the strong possibility that if Congress thought at all about

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competing federal policies in this regard."

patent policies in 1988, it assumed that any product qualifying for a utility patent would automatically be functional. It would have been understandable for Congress to assume that a nonfunctionality requirement would eliminate any possible conflicts between the Lanham Act and the Patent Act--at least as to utility patents--given the repeated statements by various courts and commentators that functionality doctrine has precisely that purpose and effect. See Rogers, 778 F.2d at 337; Sylvania Elec. Prods., Inc. v. Dura Elec. Lamp Co., 247 F.2d 730, 732 (3d Cir. 1957); McCarthy, supra, § 7.26[1]; Dratler, supra, 1988 U. Ill. L. Rev. at 928, 938. But see Kohler, 12 F.3d at 646-50 (Cudahy, J., dissenting); Ferrari S.P.A. Esercizio Fabriche Automobili E Corse v. Roberts, 944 F.2d 1235, 1252-53 (6th Cir. 1991), cert. denied, 112 S. Ct. 3028 (1992) (Kennedy, J., dissenting). It even appears that at times the Supreme Court may have made the same assumption. See Qualitex, 115 S. Ct. at 1304; Bonito Boats, 489 U.S. at 166-67; Inwood, 456 U.S. at 863 (White, J., concurring in result).

Despite what appears to be a widespread perception that product configurations covered by utility patents are automatically functional for Lanham Act purposes, the district court in our case ably demonstrated that this is not so. Configurations can simultaneously be patentably useful, novel, and nonobvious and also nonfunctional, in trade dress parlance.

This is the case because to meet patent law's usefulness requirement, a product need not be better than other alternatives or essential to competition. Stiftung v. Renishaw PLC, 945 F.2d 1173, 1180 (Fed. Cir. 1991); see also Kohler, 12 F.3d at 649 (Cudahy, J., dissenting). To obtain a utility patent, an inventor need only show that an invention is 1) useful in the sense of serving some identified, beneficial purpose, and then--much more difficult to prove--that it is 2) novel, i.e., not previously known, and 3) nonobvious, or sufficiently inventive, in light of prior art. See 35 U.S.C. §§ 101-103; Donald S. Chisum, Patents §§ 3.01, 4.01, 5.01 (1994).

Functionality, by contrast, has been defined both by our circuit, and more recently by the Supreme Court, in terms of competitive need. See Qualitex, 115 S. Ct. at 1304-07; Hartford, 846 F.2d at 1272-74; Brunswick, 832 F.2d at 519; see also Restatement (Third) of Unfair Competition § 17 & cmts. a & b (1995). If competitors need to be able to use a particular configuration in order to make an equally competitive product, it is functional, but if they do not, it may be nonfunctional. The availability of equally satisfactory alternatives for a particular feature, and not its inherent usefulness, is often the fulcrum on which Lanham Act functionality analysis turns.

As some courts have explained the competitive need test, it conceivably could allow one producer to permanently appropriate any distinctive patented

invention for exclusive trademark or trade dress use as soon as its patent expired and sufficient alternatives became available to make the invention no longer one of a few superior designs. See Clamp Mfg. Co. v. Enco Mfg. Co., 870 F.2d 512, 516-17 (9th Cir.), cert. denied, 493 U.S. 872 (1989); In re Bose Corp., 772 F.2d 866, 872 (Fed. Cir. 1985); In re Morton-Norwich Prods., Inc., 671 F.2d 1332, 1339 (C.C.P.A. 1982); In re Cabot Corp., 15 U.S.P.Q.2d 1224, 1228 (T.T.A.B. 1990); A. Samuel Oddi, The Functions of 'Functionality' in Trademark Law, 22 Hous. L. Rev. 925, 942-43 (1985). But see McCarthy, supra, § 7.29 ("Functional patent protection and trademark protection are mutually exclusive.").

Reconciling two federal statutes

Given that the functionality doctrine does not eliminate overlap between the Patent Act and the Lanham Act, we must decide whether Vornado is right that this doctrine nevertheless should be used to limit patent law's public domain.

Except to the extent that Congress has clearly indicated which of two statutes it wishes to prevail in the event of a conflict, we must interpret and apply them in a way that preserves the purposes of both and fosters harmony between them. See Digital Equip. Corp. v. Desktop Direct, Inc., 114 S. Ct. 1992, 2002 (1994); Brotherhood of R.R. Trainmen v. Chicago River & Indiana R.R., 353 U.S. 30, 40-42 (1957). Where, as here,

both cannot apply, we look to their fundamental purposes to choose which one must give way.

Purposes of the Patent Act

> First, patent law seeks to foster and reward invention; second, it promotes disclosure of inventions to stimulate further innovation and to permit the public to practice the invention once the patent expires; third, the stringent requirements for patent protection seek to assure that ideas in the public domain remain there for the free use of the public.

Aronson v. Quick Point Pencil Co., 440 U.S. 257, 262 (1979). The "centerpiece of federal patent policy" is its "ultimate goal of public disclosure and use." Bonito Boats, 489 U.S. at 157; see also id. at 146, 151; Goldstein v. California, 412 U.S. 546, 569 (1973); Scott Paper Co. v. Marcalus Mfg. Co., 326 U.S. 249, 255-56 (1945); Singer, 163 U.S. at 185.

Vornado suggests that no patent law purpose is served by allowing copying of product configurations that are not necessary to competition. We cannot agree. We find no support in the Patent Act itself or its application for the proposition that the patent goals are limited to enhancing competition, at least in the direct sense. To the contrary, patents operate by temporarily reducing

competition. They create monopolies to reward inventors who invent "'things which are worth to the public the embarrassment of an exclusive patent.'" Graham v. John Deere Co., 383 U.S. 1, 9 (1966) (quoting Thomas Jefferson, author of the 1793 Patent Act). Although competition ultimately may be enhanced by the increased product supply that results from operation of the patent law, the system's more obvious objective is to give the public the benefits of technological progress.

In this respect, it is significant that the framers of the patent system did not require an inventor to demonstrate an invention's superiority to existing products in order to qualify for a patent. That they did not do so tells us that the patent system seeks not only superior inventions but also a multiplicity of inventions. A variety of choices is more likely to satisfy the desires of a greater number of consumers than is a single set of products deemed "optimal" in some average sense by patent examiners and/or judges. And the ability to intermingle and extrapolate from many inventors' solutions to the same problem is more likely to lead to further technological advances than is a single, linear approach seeking to advance one "superior" line of research and development. We conclude that patent law seeks the invention and the passing into the public domain of even what trade dress law would consider nonfunctional inventions.

Allowing an inventor both patent and trade dress protection in a configuration would not necessarily inhibit invention directly. Quite the opposite, this double benefit would probably increase an inventor's direct incentives to pursue an idea. But the inventor's supply of ideas itself and freedom to experiment with them might diminish if the inventor had to do a competitive market analysis before adopting useful features from others' inventions once their patents expired. See Bonito Boats, 489 U.S. at 161-62 (stating that federal patent scheme allows public to ascertain status of intellectual property embodied in a manufacture or design, and "[t]he public may rely upon the lack of notice in exploiting shapes and designs accessible to all").[17]

As to the second patent law objective, encouraging public disclosure of inventions, it is not immediately apparent what effect, if any, the trade dress protection in question would have. But this case clearly shows that trade dress protection can directly interfere with the public's ability to practice patented inventions after the patents have expired, and that it undermines the principle that ideas in the public domain should stay there. We conclude that the inability freely to copy significant

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[17] While the Principal Register of trademarks provides similar notice to the public for registered trademarks, 15 U.S.C. § 1072, trade dress is a much more nebulous concept, not subject to registration, and an inventor may have difficulty determining whether someone is claiming any given product shape or configuration as its protected trade dress.

features of patented products after the patents expire impinges seriously upon the patent system's core goals, even when those features are not necessary to competition.

Purposes of section 43(a) of the Lanham Act

The core concepts of trademark protection are that consumers not be confused, misled, or deceived as to whose product they are buying, that sellers' goodwill--or investment in their reputation for quality--be protected, and that competition thereby be enhanced. See Park 'N Fly, Inc. v. Dollar Park and Fly, Inc., 469 U.S. 189, 198 (1985). "[T]he protection of trademarks and trade dress under § 43(a) serves the same statutory purpose of preventing deception and unfair competition." Two Pesos, 112 S. Ct. at 2760. Because trademarks promote competition and product quality, "Congress determined that 'a sound public policy requires that trademarks should receive nationally the greatest protection that can be given them.'" Park 'N Fly, 469 U.S. at 193 (quoting S. Rep. No. 1333, 79th Cong., 2d Sess. 6 (1946), reprinted in 1946 U.S.C.C.S. 1274, 1277)); see also 15 U.S.C. § 1127.

Clearly, any limitation on the use of product designs as protected trade dress will give trade dress less than "the greatest protection that can be given." Park 'N Fly, 469 U.S. at 193. But this statement by the Court quotes from the 1946 Senate report, and we cannot assume that Congress in 1946 intended to be as expansive

in its protection of product configurations as in its protection of traditional word or picture trademarks. At that time, section 43(a) was not viewed as a broad federal unfair competition provision covering product configurations under the rubric of trade dress; that gloss was added later by judges. See Two Pesos, 112 S. Ct. at 2762-63 (Stevens, J., concurring in the judgment).

The degree to which a producer's goodwill will be harmed by the copying of product configurations correlates with the degree of consumer confusion as to source or sponsorship that is likely to result from the copying.[18] We do not doubt that at least some consumers are likely to ignore product labels, names, and packaging and look only to the design of product features to tell one brand from another. These consumers are likely to be confused by similar product designs, and to the degree that this confusion is tolerated, the goals of the Lanham Act will be undermined.

But the Lanham Act, like common-law unfair competition law and most state unfair competition

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[18] This is so because unfair competition law protects only the goodwill a producer has attained by virtue of its reputation for quality, not any goodwill that inheres in the product itself. If people like a particular product regardless of who produces it, that type of "product goodwill" is something all competitors are entitled to appropriate, once any applicable patents expire. See Kellogg , 305 U.S. at 121; Versa Prods. Co. v. Bifold Co. (Mfg.) , 50 F.3d 189, 207 (3d Cir. 1995).

statutes, has never provided absolute protection against all consumer confusion as to source or sponsorship. For its first fifteen to twenty years, the act was not even applied to the shapes of products or their containers. See McCarthy, supra, §§ 1.09[3], 7.31, 27.03[1][b]. And even after it was, courts consistently denied protection against that degree of confusion caused by the copying of functional configurations.

As a practical matter, the fate of nonfunctional configurations within patented products has rarely been the subject of legal analysis, because courts often have found such designs to be functional. See, e.g., In re Bose Corp., 772 F.2d at 872-73; New England Butt Co. v. Int'l Trade Comm'n, 756 F.2d 874, 877-79 (Fed. Cir. 1985); In re Hollaender Mfg. Co., 511 F.2d 1186, 1187-89 (C.C.P.A. 1975); Best Lock Corp. v. Schlage Lock Co., 413 F.2d 1195, 1199 (C.C.P.A. 1969); In re Shenango Ceramics, Inc., 362 F.2d 287, 291-92 (C.C.P.A. 1966); In re Deister Concentrator Co., 289 F.2d 496, 503-05 (C.C.P.A. 1961).

In two appellate decisions where courts have considered nonfunctional designs that were part of utility-patented products, we find an even split. In In re Shakespeare, 289 F.2d at 508, the Court of Customs and Patent Appeals upheld patent law principles and refused trademark registration. In Clamp, 870 F.2d at 516-17, the Ninth Circuit upheld the district court's finding of trademark status for the nonfunctional design of a "C" clamp. The Ninth Circuit appears to have assumed

without discussion that all nonfunctional product configurations can be used as trademarks or trade dress--an assumption which, as noted above, we do not make.

We recognize also that consumer confusion resulting from the copying of product features is, in some measure, a self-fulfilling prophecy. To the degree that useful product configurations are protected as identifiers, consumers will come to rely on them for that purpose, but if copying is allowed, they will depend less on product shapes and more on labels and packaging.

We conclude that protecting against that degree of consumer confusion that may arise from the copying of configurations that are significant parts of patented inventions is, at best, a peripheral concern of section 43(a) of the Lanham Act.

Conclusion: Balancing competing policies

Given, then, that core patent principles will be significantly undermined if we do not allow the copying in question, and peripheral Lanham Act protections will be denied if we do, our answer seems clear. Much has been said in this and other section 43(a) cases about whether a second competitor needs to use a particular product design to compete effectively. But where Lanham Act goals are not the only ones at stake, we must also examine the degree to which a first competitor needs to

use a useful product feature instead of something else--a name, a label, a package--to establish its brand identity in the first place.

It would defy logic to assume that there are not almost always many more ways to identify a product than there are ways to make it.[19] See In re Water Gremlin Co., 635 F.2d 841, 844 (C.C.P.A. 1980) ("[A] merchant who wishes to set himself apart has no dearth of means to do so."). And if one of the ways to configure the product itself has been deemed important enough to the advance of technology for the government to grant a utility patent, we must find its value as a product feature to exceed its value as a brand identifier in all but the most unusual cases.

We hold that where a disputed product configuration is part of a claim in a utility patent, and the configuration is a described, significant inventive aspect of

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[19] Although a producer may find efficiencies in combining the brand-identifying function with a product's utilitarian function by using a useful product feature as a trademark or trade dress, we accord this type of efficiency little weight. Although the efficient combining of form and function is at the heart of good industrial design, promoting it is not a Lanham Act objective. For discussion of the repeated, unsuccessful attempts over the years to persuade Congress to pass a general industrial design protection bill, see Bonito Boats, 489 U.S. at 167-68; Duraco Prods. Inc. v. Joy Plastic Enters. Ltd., 40 F.3d 1431, 1446 (3d. Cir. 1994); Brown, supra, 34 UCLA L. Rev. at 1395-99; Dratler, supra, 1988 U. Ill. L. Rev. at 888, 904-05.

the invention, see 35 U.S.C. § 112, so that without it the invention could not fairly be said to be the same invention, patent law prevents its protection as trade dress, even if the configuration is nonfunctional.[20]

In future cases, the contribution of a particular configuration to the inventiveness of a patented product may not always be clear, and we do not wish to rule out the possibility that a court may appropriately conduct a factual inquiry to supplement its reading of the patent's claims and descriptions.

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[20] We note that our resolution of this issue will avoid any confusion as to the right to copy a patented invention which may arise by virtue of the fact that a feature can switch back and forth between being functional and nonfunctional with the vagaries of the marketplace. Compare In re Honeywell, Inc., 8 U.S.P.Q.2d 1600, 1604-05 (T.T.A.B. 1988), with In re Honeywell, Inc., 532 F.2d 180, 182-83 (C.C.P.A. 1976).

It also avoids potential problem scenarios in which a commercially unimportant but patented configuration is deemed nonfunctional and registered as a trademark, and then later, because of a change in the direction of research and development, inventors wish to use the old technology taught by the expired patent but cannot, because of the trademark. The Fourth Circuit has held that once a trademark becomes incontestable, it may not be cancelled on functionality grounds. Shakespeare Co. v. Silstar Corp. of America, Inc., 9 F.3d 1091, 1099 (4th Cir. 1993), cert. denied, 114 S. Ct. 2134 (1994). But see William M. Landes & Richard A. Posner, The Economics of Trademark Law, 78 Trademark Rep. 267, 295-96 (1988).

But in this case, we do not find it necessary to remand for such an inquiry. Vornado included the arcuate grill vane structure as an element of its patent claims and described the configuration as providing "an optimum air flow." Then, after the first patent issued and Vornado subsequently found evidence that other grill structures worked as well as or better than the spiral grill, Vornado did not repudiate or disclaim in any way the grill element of its patent. Instead, Vornado sought and received a reissue patent that expanded its claims with respect to the grill.

Even if we discount entirely Vornado's extensive advertising campaign emphasizing the importance of the "AirTensity Grill," this patent history on its face obviates any need for a remand on the question of inventive significance. We simply take Vornado at its word. Because the "Patented AirTensity Grill" is a significant inventive element of Vornado's patented fans, it cannot be protected as trade dress. The district court's order is REVERSED.

U.S. District Court for the District of Kansas

Vornado Air Circulation Systems, Inc.
v.
Duracraft Corporation
No. 92-1543-WEB
Decided March 4, 1994

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IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF KANSAS

VORNADO AIR CIRCULATION SYSTEMS, INC., a Kansas corporation,	)	
Plaintiff,	)	
v.	)	No. 92-1543-WEB
DURACRAFT CORPORATION, a Massachusetts corporation,	)	
Defendant.	)	

MEMORANDUM AND ORDER

This is a dispute between two manufacturers of electric fans. The dispute centers on a fan produced and sold by the defendant Duracraft since 1991. The Duracraft fan has a front grill structure with "reverse curving vanes," referred to by the parties as a "spiral" design. The plaintiff Vornado has produced and sold fans with a similar looking spiral grill since 1988. Vornado filed this action, contending that Duracraft's use of a spiral grill in its fan is a violation of Vornado's trademark and trade dress rights under the Lanham Act and under common law.

This matter initially came before the court upon Vornado's motion for a preliminary injunction. At a hearing on that motion, the parties waived the demand for a jury trial and agreed to proceed immediately with a trial to the court on all issues. Evidence was presented to the court from October 18, 1993, through October 22, 1993. The parties were given an extended time in which to submit proposed findings of fact and conclusions of law. Closing arguments were then presented to the court on January 24, 1994.

The plaintiff's complaint contains three counts. Count One alleges that the defendant has infringed upon the plaintiff's registered trademark. Vornado contends that it possesses a valid registered trademark, referred to by Vornado as a "distinctive (grill design) trademark." Vornado asserts that defendant Duracraft has infringed upon plaintiff's registered mark by advertising and selling the Duracraft Model DT-7 "Turbo Fan," which has a "spiral" grill shape identical to Vornado's trademark registration. Vornado further contends that defendant's use of this grill design in the DT-7 is likely to cause confusion or mistake as to the origin of source or manufacture of the fan. Count Two alleges unfair competition by trade dress simulation under section 43(a) of the Lanham Act. Vornado alleges that Duracraft's product packaging and its use of the spiral grill constitute a false description and representation that Duracraft's DT-7 fans are made by or are affiliated with Vornado. Again, Vornado contends that it will suffer damage from this unfair competition by reason of the likelihood that purchasers will be confused as to the true

source of the defendant's product. Vornado's final claim, found in Count Three of the complaint, alleges common law trademark infringement and unfair competition.

After hearing the evidence and the parties' arguments, and having reviewed all of the materials submitted to the court in connection with the case, the court now enters these Findings of Fact and Conclusions of Law pursuant to Rule 52(a) of the Federal Rules of Civil Procedure. To the extent any Findings of Fact are more properly construed as Conclusions of Law, they shall be so considered; and to the extent any Conclusion of Law are more properly construed as Findings of Fact, they shall be so construed.

Findings of Fact.

Parties. Plaintiff Vornado Air Circulation Systems, Inc. ("Vornado") is a Kansas corporation having its principal place of business in Wichita, Kansas. Vornado is engaged in the manufacture and wholesale distribution of electric fans.

Defendant Duracraft Corporation ("Duracraft") is a Massachusetts corporation having its principal place of business in Whitinsville, Massachusetts. Duracraft is also engaged in the manufacture and wholesale distribution of electric fans.

Development of Vornado. The history and development of the plaintiff Vornado was established by the testimony of Michael C. Coup, Vornado's president and

chairman of the board. Vornado fans were first manufactured in 1945 by the O.A. Sutton Corporation in Wichita, Kansas. That company ceased production in 1959. Throughout the 1970's, Coup and Don Moore, both of Wichita, collected and repaired old Vornado fans. In the early 1980's, Coup and Moore began to investigate the possibility of producing new Vornado fans. The two men contacted Richard Ten Eyck, who was part of the design team for the original Vornado fans, and had him prepare design drawings for a new Vornado fan. Tr. Vol. I at 43. By 1987, a prototype fan had been developed. The last component to be developed was the grill structure. Ten Eyck's company had produced drawings of numerous grill designs. Coup and Moore liked a spiral design Ten Eyck showed them, partially because the spiral was visually representative of the air movement the fan was supposed to create. Id. at 45-47. They also believed that a spiral design helped to identify the product because they considered the spiral's visual image to be suggestive of "Vornado" -- a name derived from "vortex" and "tornado." Id. Models of several different spiral designs were made and tested. One spiral grill with ribs tilted at an angle or "canted" was tested but it had the effect of dispersing the air over a wide area. Coup and Moore were seeking to build a fan that produced a tight column of air rather than one that dispersed the air over a wide area. Id. at 52. They eventually settled on a spiral grill with ribs parallel to the axis of the propeller, which produced more "columnation" than did the spiral grill with angled ribs. Id. This columnation was consistent with the "ducted" structure of the Vornado fan they were producing. A ducted fan typically has a tubular duct structure surrounding the propeller. The duct helps to

straighten the flow of air to and from the propeller into a "straight" beam of air that moves forward along the axis of the propellers. This is in contrast to other types of fans which are designed to disperse the air over a wide area. A "box fan" is an example of this latter type of fan.

Coup testified that he and Moore performed some tests to determine if their spiral grill helped to columnate the air better than did a conventional "straight radial" grill - that is, a grill with straight ribs running from the center to the outer edge of the grill. They believed that the spiral design might be more effective at helping to columnate the air beam. Id. at 54. Although they did not conduct any velocity studies, Coup testified that tests performed with feathers indicated that the two grill designs performed about the same. Id. at 54-56.

In early 1988, Coup attended a national housewares show in Chicago to familiarize himself with how such products were brought to market. Representatives of Vornado met with other companies to discuss possible sales of Vornado fans. Vornado's representatives at that time had business cards marked with a printed symbol of the Vornado spiral grill design. The first shipment of Vornado fans took place in November of 1988. All of the fans sold by Vornado at that time used the spiral grill design. Vornado has expanded its product line since 1988 and currently sells at least six different model fans.

All of the fans sold by Vornado from 1988 to the present have incorporated a spiral grill structure. Tr. Vol. I at 60; Pl. Exh. B. See Attachment 2 (attached to this

opinion). The Vornado spiral grill is exemplified by Plaintiff's Exhibit U-1. The grill is made of plastic. It is circular in shape when viewed "head on." Twenty-six identical ribs connect the center hub of the grill to the outer edge. Each rib is curved or "arcuate" shaped, with the ribs curving to the left from the center. The distance between each rib is greatest at the outer edge of the grill and decreases toward the center. The maximum distance between any rib is no more than 0.5". The center hub of the Vornado grill contains a large printed "V" with the name "VORNADO" running through it. The spiral design is likely to create in the average consumer a mental image of a spinning column of air. The grill may call to mind images of a tornado or hurricane; it is suggestive of a mass of air or fluid spinning around a center point -- i.e., a vortex.

Vornado fans are generally priced at the "high" end of the retail market. The suggested retail price on the smallest Vornado fan, the 180C Compact, was $59.00 during 1992-93. Def. Exh. 47. The suggested retail price of Vornado's other models was higher, ranging up to $119.00 for two long-stand models. Id. Vornado initially marketed its fans through specialty catalogs. The fans were also sold through hardware stores such as Ace and True Value, as well as department stores such as Macy's, Bloomingdale's, and Dillard's. The advantage of selling in these "upscale" outlets was that the benefits of the product could be explained to the customer by a salesperson. Tr. Vol. I at 61-62. Vornado's marketing strategy in the beginning was to aim almost exclusively at the high end of the fan market. More recently, the company has expanded its product line with a view toward being more competitive in the rest of the

market. Vornado intends to continue to develop products with the spiral grill for eventual distribution in discount and mass marketing outlets. Id. at 62-64.

From 1/1/88 to 6/30/93, Vornado spent $2,124,201 advertising its products. Pl. Exh. EE. In the period 1/1/88 to 8/31/90, Vornado spent $782,725 advertising its products. Id. Since January of 1988, Vornado has used a printed spiral symbol, derived from its spiral grill, in its advertisements and on all of its product packaging in order to identify its products and to distinguish them from others on the market. In addition, photographs of Vornado fans with the spiral grill prominently featured are present in most if not all of Vornado's advertising and packaging. Vornado's printed spiral symbol and its spiral grill design have been exposed to the public through advertisements in various newspapers throughout the United States having a total annual circulation of approximately 200 million. Pl. Exh. ZZ; Tr. at 765. These items have also been exposed to the public through magazines and mail-order catalogues having an annual circulation of approximately 190 million. Tr. at 765. Vornado has a reputation as being a manufacturer of high quality fans.

In the period 1/89 to 8/89, Vornado sold approximately 46,000 fans. In the sales season 9/89 to 8/90, the number of units sold was approximately 89,000. In the following three years, unit sales were approximately 85,000, 134,000, and 146,000, respectively. Pl. Exh. HH.

On January 9, 1989, plaintiff's assignors applied to the United States Patent and Trademark Office for a utility

patent on the axial flow fan depicted in U.S. Patent No. 4,927,324 (the "'324 Patent"). Def. Exh. 9. Various representations were made in the '324 Patent, including the following:

> It is therefore the principal object of the present invention to provide a new and improved front grill and duct structure which increases the fan's capacity and efficiency while decreasing its sound over the prior art or no grills at all.
>
> * * *
>
> The longer length curved ribs [], as compared with a convention [sic] straight rib, provides a less rigid grill structure which can be desirable under certain circumstances such as impact shocks.
>
> In viewing FIG. 5 [a drawing depicting a portion of the Vornado spiral grill], the fan blades not shown move in a clockwise direction from left to right, while the grill ribs [] curve to the left from the center in the opposite direction which provides an optimum flow of air at a standard power usage.

Def. Exh. 9. The '324 Patent was issued to Vornado on May 22, 1990. The shape of the Vornado fan is also the subject of a design patent, U.S. Des. Pat. No. 312,124. Vornado has not alleged that Duracraft infringed either of

these patents and neither party has asked the court to determine the validity of any patent relating to the products involved in this case.

Vornado fans are promoted as "air circulators" that create a penetrating beam of air. In various advertisements and on its product packaging, Vornado has touted the general superiority of what it has called its "Patented AirTensity Grill," although Vornado now denies that grill itself is patented. Vornado's advertisements suggest that the Vornado spiral grill is a superior design that performs better than other grills. The defendant has amply documented the numerous representations made by Vornado to that effect. See e.g., Def. Exh. 12, 13, 15, 18, 24, 26, 27, 27A. Despite these prior representations, Vornado now takes the position that the spiral grill design performs no better -- and indeed performs slightly worse -- than certain conventional grills.

Although the specific products at issue in this case are targeted primarily at different segments of the fan market and are for the most part sold in different retail outlets, there is some evidence of direct competition between Vornado and Duracraft. There was evidence that Vornado and Duracraft currently have several common customers. Def. Exh. 8. The court concludes it is more likely than not that there is some direct competition between the DT-7 and the Vornado Compact Model 180 fan. These two fans are approximately the same size and have a somewhat similar appearance. A consumer seeking to purchase a small fan would be likely to consider both of these models. Additionally, the court finds that the number of common customers and the amount of

direct competition between the plaintiff and the defendant are likely to be greater in the future.

Development of Duracraft. Duracraft was incorporated in 1989. It was founded by its president and CEO, Bernard Chui. Duracraft has experienced rapid growth since its inception. For the fiscal year ending December 31, 1992, Duracraft's net sales were $56 million. The company currently sells over sixty different home comfort products consisting primarily of humidifiers, heaters, and fans. Duracraft's primary customers are discount stores such as K-Mart, Sears, and Wal-Mart. In 1989 and 1990, Duracraft developed and sold several models of fans which did not use a spiral grill design.

Among its other products, Duracraft initially developed and sold a "personal" fan with an eight-inch fan blade and a radial grill design, the DT-8. Sales of that model were poor, however, and Chui decided that Duracraft should come up with a better small fan. Chui testified that in early 1990 he came up with the concept of producing a small fan that looked like a turbojet engine. He communicated this idea to a Duracraft engineer, Chi Hsiang Wang, who developed a number of prototypes. These later became the Duracraft Model DT-7. (The "7" designates the size of the fan blade -- seven inches.) Chui testified that the samples Wang developed were terrible because they did not produce much air and they were noisy. Tr. at 199. Duracraft did not produce these samples at the trial; Mr. Chui testified that the prototypes no longer existed. At some point in the development process, Chui decided -- in the words of defense counsel -- "to borrow some ideas from"

the Vornado Model 280-SS fan. The ideas borrowed included a spiral grill design very similar to the Vornado spiral grill design. Prior to the development of the DT-7, no fan manufacturer in the United States other than Vornado used such a spiral grill design. See Attachment 1 (attached to this opinion -- sampling of fans available in the U.S. market).

Mr. Chui purchased a Vornado fan in the Boston area in May of 1990. He took it back to his office, disassembled it, and spent several days examining it. He then shipped a Vornado 280 to Mr. Wang in Taiwan. By August of 1990, Duracraft had produced a spiral grill for the DT-7. See Attachment 3 (attached to this opinion). As is shown by a comparison of plaintiff's Exhibits U-1 and U-2, the Duracraft DT-7 grill is substantially similar -- though not identical -- to the Vornado 280 grill. As Duracraft notes, the curvature of the vanes in the DT-7 is slightly different. Most of the DT-7's sold by Duracraft contain 26 vanes in the grill, the same number as Vornado's. Some DT-7's are sold with 32 vanes in the grill. The DT-7 grill and Vornado's grills differ in size and in color and in some other respects. The overall appearance, however, is so similar as to suggest that the DT-7 was derived from the 280 grill.

The court finds, based on all of the evidence, that Duracraft intentionally copied the appearance of the Vornado spiral grill when it developed a spiral grill for the DT-7. The court was not persuaded by testimony of Duracraft witnesses suggesting that the reverse curving spiral grill was chosen by Duracraft because it was found to be the best performing design. No credible evidence was presented to

support the suggestion that prior to selling the DT-7 Duracraft performed any tests which indicated that the spiral grill performed better than other grills as far as the flow of air was concerned or that it was quieter. Nor was there any credible evidence to support Duracraft's suggestion that the spiral grill performed better on the Underwriter's Laboratories' "drop test" or that Duracraft could not have passed this test using a standard or straight radial grill. See e.g., Tr. Vol. V at 89-90. Cf. Id. at 236. Indeed, the evidence suggested that the DT-7 had some difficulty passing the drop test with a spiral grill. Id. at 90. Rather, the court concludes that Duracraft decided on the spiral grill because of its appearance. The court believes that Duracraft intended to use a grill on the DT-7 fan that had an appearance similar to the spiral grill on Vornado's products. The court concludes that Duracraft determined that it was entitled to copy the spiral grill because the grill was an article of manufacture not protected by Vornado's '324 patent. The court finds that Duracraft copied the Vornado spiral grill based on a good faith belief that the grill design was, as a matter of law, part of the public domain.

Because of the fan blade initially used by Duracraft, DT-7 samples still did not perform well even after the adoption of a spiral grill. Frank Marino of Duracraft sent a Vornado fan blade to Taiwan in late 1990 to see whether it would help the Duracraft people come up with a better fan blade for the DT-7. Duracraft developed a better performing blade for the DT-7 based on the Vornado blade.

The Duracraft DT-7 was openly exhibited at the International Housewares Show held at Chicago, Illinois, in

January of 1991. At that show, a representative of Vornado spoke to Duracraft employee Frank Marino and told him that Duracraft was "knocking us [Vornado] off" or words to that effect. Tr. Vol. V at 40. The court finds that Vornado was aware of the existence of the Duracraft DT-7 spiral grill by January of 1991. Vornado took no action to notify Duracraft of any legal objection plaintiff might have had to the DT-7, however, until this suit was filed in November of 1992. On May 6, 1991, Vornado filed an application for trademark registration with the Patent and Trademark Office. The application claimed a trademark in a spiral symbol used on Vornado's shipping containers and in its advertising. On June 30, 1992, the mark was placed on the Principal Register, Reg. No. 1,697,509. Vornado has claimed in this suit that Duracraft has infringed its registered trademark by using a spiral grill in the DT-7.

Duracraft has achieved the following sales volumes for the Turbo Fan: in the year ending 12/31/91 - 200,953 units; in the year ending 12/31/92 - 742,796 units; and in the eight-month period ending 8/31/93 - 778,264 units. Net sales on the DT-7 for these periods were approximately $1.3 million, $4.8 million, and $5.3 million, respectively. Duracraft has achieved this success while spending very little money on advertisements promoting the DT-7. The DT-7 is the only product manufactured by Duracraft that has a spiral grill design similar to Vornado's. Duracraft has achieved a high level of sales for some of its other fan products that use conventional radial grills. Duracraft gives a one-year limited warranty on the DT-7, but the warranty is essentially worthless because the cost to return the fan for repair is more than the cost of a new one.

The DT-7 was originally available in four colors, one of which ("camel") resembled the colors used by Vornado in its fans. That particular color was discontinued after the 1991 season, however, and different colors have since been used in the DT-7. Unlike Vornado, most of the colors used in the Duracraft DT-7 are bright or neon colors. See Def. Exh. 5; 7; 56. Duracraft applied for and the U.S. Patent Office issued a design patent on the design of the Duracraft DT-7 fan. Def. Exh. 3. Duracraft sells the DT-7 at a wholesale price of $6 to $7. The suggested retail price of the fan is between $10 and $15. Tr. at 194. The court concludes that the low price of the DT-7 is a significant factor in its success in the marketplace.

When Duracraft displays the DT-7 to retailers and the consuming public, the spiral grill of the fan is prominently featured. The packaging for the DT-7 in its first year of sales displayed images of the spiral grill on five sides of the product package. For DT-7 fans sold in 1992 and thereafter, Duracraft has used a package that has a cutout on the front of the box so that the entire spiral grill is displayed, something that it does not do for any of its other products. See e.g., Def. Exh. 102-A. Aside from a prominent visual display of the spiral grill, Duracraft's product packaging does not appear to be especially similar to Vornado's product packaging. Vornado's packaging features prominent pictorial views of its spiral grill. And there are obvious similarities between the spiral grill design used in the DT-7 and the one used in Vornado fans. From the point of view of a reasonable consumer viewing products as they appear in the marketplace, the spiral grill is likely to be the single most commanding and memorable visual feature of both the

DT-7 and the various Vornado fans. Thus, these two fans are likely to stand out from other fans on the market and are likely to leave a comparable mental impression in the mind of the consumer.

Based upon all of the evidence -- including, inter alia, the testimony of the witnesses, the evidence concerning Vornado's advertising of its products, Vornado's exclusive use of a spiral grill up until the introduction of the DT-7, evidence showing that the spiral grill was known in the industry to be an identification of Vornado, the distinctive look of the spiral design, and the likelihood that the visual image of the spiral grill suggests a vortex -- the court finds that Vornado's spiral grill design to a significant degree had come to be associated with Vornado products in the minds of a significant number of consumers at the time Duracraft began selling the DT-7 in 1991.

Both parties presented expert testimony concerning the performance characteristics of the spiral grill design versus other types of grills. This evidence was presented as a result of Duracraft's assertion that the spiral grill configuration is "functional" and therefore not entitled to protection as a trademark. Some of the issues addressed by the experts were whether a spiral grill design produces a stream of air with a lesser "spreading angle" than other grills and whether it does a better job than other grills of converting "rotational" energy imparted by the propeller into "axial" energy flowing forward along the axis on which the propeller rotates. Both parties agreed that creating a straight

column or beam of air is the proper design objective for ducted "axial flow" fans such as the DT-7 and the fans sold by Vornado.

Dr. Breidenthal, Vornado's expert, concluded that the spiral grill produced a wider spreading angle than did a standard radial grill. Tr. Vol. IV at 62. According to Dr. Breidenthal, this means that the spiral grill did a poorer job of maintaining the velocity of the air beam along the axis of the propeller than did a radial grill. Dr. Breidenthal's conclusion was based upon test results that were provided to him by Vornado. The tests were conducted by Vornado employees and involved taking velocity measurements of the air stream produced by fans having different grills. In one set of tests, conducted in August of 1992, Vornado employees took velocity measurements of the air streams produced by a Vornado fan fitted alternately with a spiral and a radial grill. Based on these test results, Dr. Breidenthal concluded that the spiral grill produced a wider spreading angle than the radial grill. See Pl. Exh. UU. This was indicated partially by the fact that the spiral grill produced a higher velocity stream very close to the grill face but a lower velocity farther away. Dr. Breidenthal concluded that the radial grill produced a "tighter" beam that would allow the air to penetrate into the room further than the spiral grill. Tr. Vol. IV at 88. He noted that the differences in velocities produced by these grills, however, were very small and would be 'totally negligible" for most applications. Id. at 86. A second set of tests, conducted in the summer of 1993, consisted of taking velocity measurements of the air streams produced by four different Duracraft DT-7 fans. See Pl. Exh. N-2; V-1,

-2, -3 and -4. Each fan had a different type of grill on it. Id. At Dr. Breidenthal's suggestion, Vornado took the data resulting from these tests, "normalized" the peak velocity so that the spreading angle of each fan could be compared, and then charted the results in the form of a graph. According to Dr. Breidenthal, the test results showed that the spreading angle on a Duracraft DT-7 fan with a 26-rib spiral grill (Pl. Exh. V-1) was approximately the same as a DT-7 with a 32-rib radial grill (V-3). He also concluded that the other pair of grills involved -- a 32-rib spiral grill (V-3) and a 32-rib "tangential" grill -- had spreading angles similar to each other and that the spreading angles for these two fans were smaller than for the first pair. Tr. Vol. IV at 101. Dr. Breidenthal gave his opinion that other grill designs beside the spiral design would produce spreading angles equal to or better than a spiral grill. Tr. at 101-02; 104-06.

The reliability of the test data used by Dr. Breidenthal was undermined to some extent by the manner in which Vornado conducted its tests. For example, when Vornado performed tests on four different grill structures it did so using four different Duracraft fans. As Duracraft pointed out, it is possible that the differences in test results for the four grills could have been attributable to differences in the fan motors rather than the grill structures. Vornado also adjusted the power input of the fans to achieve the same revolutions per minute on the propellers of each of the four fans tested. Again, this raises the possibility that the test results were a function of some variable other than the grill structure. Duracraft also pointed out that spreading angle alone does not present a complete picture of the efficiency of a particular grill because a grill may produce a

lower spreading angle at a cost of decreasing the velocity of the air stream. Dr. Breidenthal, who recommended that Vornado correct many of these problems before they conducted the tests, conceded these weaknesses but stated his opinion that the test data was nevertheless adequate to support his conclusions. Tr. Vol. IV at 152.

The court participated in an in-court comparison of a Vornado fan operating with no grill, with a spiral grill, and with a radial grill. Tr. Vol. IV at 91-92. The court could discern a difference in the effect of the air stream when the fan was operating with no grill as compared to when it was operating with a grill, but the court could not discern any difference in the velocity or effect of the air flow as between the radial and the spiral grill.

Duracraft's expert, Dr. Snyder, testified concerning tests that he performed on various grill designs. Dr. Snyder performed one set of tests using a Vornado fan (Def. Exh. 109). He performed another set of tests using a Duracraft DT-7 fan and six grill structures provided to him by Duracraft. One of the grill structures that was provided was the spiral design that is actually used in the DT-7. Def. Exh. 92B. The other five consisted of various designs; they were prototypes built by Duracraft for these tests. One of the other designs was a straight radial design containing 36 ribs. Def. Exh. 92A. Dr. Snyder testified that in his tests, the fan when equipped with the Duracraft spiral grill produced higher peak velocities at each station downstream and in general had higher velocities than when the fan was tested with each of the five other grill designs. Tr. Vol. IV at 176; Def. Exh. 73.

Duracraft attempted to persuade the court that these differences in velocity could be perceived by a person using the fan. Duracraft suggested that fairly small differences in velocity could be detected by human senses. Dr. Snyder pointed out that a person can sense fairly small changes in pressure on the hands, for example, and he noted that the dynamic pressure of air varies with the square of the velocity. Tr. Vol. IV at 186-89. The upshot of this testimony was to suggest that a small difference in velocity results in a proportionally greater increase in dynamic pressure, meaning that a person is likely to be able to detect even relatively small differences in the velocity of the air.

The court had some doubts concerning the manner in which Duracraft sought to prove the functionality of the spiral grill design. The grill structures that Dr. Snyder tested were designed and built by Duracraft in connection with this litigation. Tr. Vol. IV at 80. The court was not persuaded that these designs were once actual prototypes considered by Duracraft for the DT-7. Duracraft also performed tests on the grills before sending them to Dr. Snyder. Id. at 112-18. Duracraft recorded these test results but did not produce them in this case. Id. at 112. Dr. Snyder had no say in how the grills were configured. Although the court is aware of some of the difficulties inherent in attempting to compare various grills, there is some doubt in the court's mind as to whether Duracraft made an objective effort to provide Dr. Snyder with a spiral, radial, and other grill designs that would allow, in nontechnical terms, an "apples to apples" comparison. As Vornado pointed out, the radial grill that Dr. Snyder was asked to test contained 36 ribs -- at least four more than

appear to be necessary to pass a UL "probe test." Cf. Pl. Exh. V-3. There was also a difference in the depth of the ribs of the radial and spiral grills tested by Dr. Snyder. Tr. Vol. IV at 220. Moreover, at the time of the tests, Duracraft was in possession of a "tangential" radial grill that it decided not to provide to Dr. Snyder for testing. Id. at 114-16. Dr. Snyder's basic directive from Duracraft was to test and draw conclusions concerning the particular grills he was given rather than to test and draw conclusions concerning the performance of radial and spiral grills in general or to determine whether other grill designs are available that would perform as well as or better than a spiral design similar to Vornado's. See e.g., id. at 228-29; Id. at 104, 105-09. These factors limit the significance and scope of the conclusions that can be drawn from Dr. Snyder's tests. Basically, the tests showed that the spiral grill that Dr. Snyder was provided performed somewhat better than the other grills he was provided.

Having considered all of the evidence presented, the court finds that any difference in performance of a spiral grill of the type used by Vornado and Duracraft and that of a conventional grill such as a radial design is minimal at best. The court finds that an ordinary purchaser exercising due care would be unable to discern any difference in performance between these spiral grills and several other types of grills, including a straight radial grill. The type of testing that a consumer would perform -- standing a short distance from the fan and feeling the air flow -- would disclose no difference between a radial and spiral grill. There is simply no practical difference in the performance between such grills. As for the issue on which the parties

expended so much effort -- that is, whether the use of a spiral grill design produces a scientifically measurable increase in the velocity of the air stream along the propeller's axis, as compared to other feasible designs -- given the uncertainties underlying the tests performed by both parties and the limited scope of the tests performed, the court must conclude that the evidence on that proposition was inconclusive; the proposition was not shown either to be true or false.

Vornado presented the testimony of several witnesses as part of an effort to persuade the court that the similarity in appearance between the DT-7 fan and Vornado fans was likely to cause some confusion among consumers. Ms. Shirley Kibby, from State College, PA, testified that she had purchased both DT-7 fans and a Vornado fan. Although she knew the fans were sold under different brand names, Ms. Kibby testified that she believed after buying them that, due to the similarities in their appearance, there was a high probability that the fans were actually manufactured by the same company. She indicated this belief was based in part on a view that makers of expensive products sometimes sell a less expensive version of the product under a different brand name. Tr. Vol. I at 90-91. Another witness was Peggy Williams, whose husband sells Vornado fans in his hardware store. When Mrs. Williams saw a DT-7 on her husband's desk she thought that it was a Vornado, primarily because of "the swirl of the grill." Tr. Vol. III at 115-19. She did not notice the name Duracraft on the fan. She asked her husband if Vornado had made a new small fan, but he explained that it was not a Vornado. Id. Kevin Kelly, a purchaser for a discount store, testified that on one occasion

when he was scouting for products to buy he came across a stack of discounted fans that he believed to be Vornado fans but which he later came to find were Duracraft fans. See Tr. Vol. III at 100-04. Richard Reischmann, an employee of a store that sells Vornado fans, knew upon seeing the DT-7 for the first time that it was a "copycat" or "knockoff" of a Vornado. Id. at 124-25. He jokingly characterized the DT-7 as a "mini-Vornado."

Conclusions of Law.

Jurisdiction. This court has subject matter jurisdiction to hear the case under 28 U.S.C. § 1331, 28 U.S.C. § 1332(a), 28 U.S.C. § 1367, and 15 U.S.C. § 1121.

Count One -- Alleged Infringement of the Registered Trademark.

Count One of the complaint alleges that Duracraft has infringed upon Vornado's registered trademark (Pl. Exh. A) through the use of a spiral grill design in the Duracraft DT-7 "Turbo Fan." The infringement of a registered trademark is made actionable by 15 U.S.C. § 1114. Duracraft does not dispute the validity of Vornado's registered mark. Instead, Duracraft argues that the registered mark does not cover a three dimensional "product configuration" such as the spiral grill in the DT-7.

A trademark is defined as including "any word, name, symbol, or device or any combination thereof" used by any person "to identify and distinguish his or her goods, including a unique product, from those manufactured or sold

by others and to indicate the source of the goods, even if that source is unknown." 15 U.S.C. § 1127. Trademarks may be registered by filing an appropriate application with the Patent and Trademark Office and by complying with the rules and regulations issued by that agency. See 15 U.S.C. § 1051. Section 32 of the Lanham Act makes liable any person who, without the consent of the owner thereof, uses in commerce "any reproduction, counterfeit, copy, or colorable imitation of a registered mark" in connection with the sale of goods if such use is likely to cause confusion, or to cause mistake, or to deceive. 15 U.S.C. § 1114.

The court agrees with Duracraft that its use of a spiral grill in the DT-7 does not constitute an infringement of Vornado's registered trademark. The court cannot agree with Vornado's suggestion that its registered mark consists of "the [spiral] grill design." Vornado's application and trademark registration indicate only that a printed two-dimensional spiral symbol was intended to be registered. As Vornado concedes, regulations issued by the Patent and Trademark Office set forth specific requirements concerning trademark applications, including a requirement that the application contain a drawing that "shall be a substantially exact representation of the mark as used on or in connection with the goods." 37 C.F.R. § 2.51. The drawing that accompanied Vornado's trademark application depicted only a printed spiral symbol. There was no drawing showing the use of the mark as a three dimensional device that was part of the goods. Cf. 37 C.F.R. 2.51(d). The claim language in Vornado's trademark application did not indicate that the trademark consisted of a fan grill. The application was drafted in such a way as to give no notice that the plaintiff

was claiming trademark rights in any three-dimensional configuration of goods. Rather, the claim language indicated only that the mark consisted of a printed symbol applied directly to shipping containers for Vornado's goods or on printed advertisements for the goods. This failure is instructive under the circumstances. Clearly, the statutes and regulations contemplate a full disclosure concerning the use of a mark so that a determination may be made by the patent office and by any interested parties as to whether the mark is properly registrable. Cf. 15 U.S.C. § 1072 (Registration constitutes constructive notice of claim of ownership of mark.) Such disclosure is particularly important when the asserted mark consists of a device or configuration that is part of the goods because "functional" devices are not entitled to trademark protection. Yet, despite the fact that Vornado itself used a spiral grill in its fans at the time it filed the trademark application, Vornado did not seek to register its grill as a trademark. In light of the allegation by Vornado in this case that the registered mark was apparently intended to protect the spiral grill itself, the court must conclude that Vornado's trademark application to the Patent and Trademark Office suffered from a lack of candor.

The court finds no infringement on Count One. The use of the DT-7 fan grill, even if it may be said to incorporate a spiral symbol, is not a "reproduction, counterfeit, copy, or colorable imitation of" the spiral symbol that was actually registered, by Vornado. Although an analogy may be made between the spiral symbol and the spiral grill, under the circumstances the use of the DT-7 spiral grill -- the grill being a necessary and integral part of the goods -- is a use of a spiral in such a different form that

it cannot be said to be a copy or imitation of the plaintiff's printed symbol. See Contour Chair Lounge Co. v. True-Fit Chair Inc., 648 F. Supp. 704, 715 (E.D. Mo. 1986).

Count Two -- Unfair Competition - Trade Dress Simulation.

Vornado's second claim alleges that Duracraft's use of a spiral grill in the DT-7 constitutes an infringement of Vornado's unregistered trademark or trade dress. Vornado contends that the spiral grill used in its products constitutes an unregistered trademark or trade dress entitled to protection under the Lanham Act. This claim is based on section 1125(a)(1) of Title 15, which provides in part:

> Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which--
>
> (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person . . . . shall be liable in a civil action by any person who believes that he or she is likely to be damaged by such act.

The first issue the court must address in deciding Count Two is whether the spiral configuration of the grill can properly be considered as a trademark or trade dress under § 1125(a).

The Tenth Circuit has been one of many circuit courts to hold that a federal cause of action for trade dress infringement is available under § 1125. See Hartford House, Ltd. v. Hallmark Cards, Inc., 846 F.2d 1268, 1271 (10th Cir.), cert. denied, 109 S.Ct. 260 (1988). Although historically trade dress infringement consisted of copying a product's packaging, in its more modern sense it may refer to the appearance of the product itself. Hartford House, 846 F.2d at 1271. See also L.A. Gear, Inc. v. Thom McAn Shoe Co., 988 F.2d 1117 (Fed. Cir. 1993) (Design of the product itself may function as its packaging, serving to distinguish it from other products, and hence it may be protectable trade dress), cert. denied, 114 S.Ct. 291 (1993). Thus, in certain circumstances, the design of a product may qualify as a trademark or trade dress. We noted in Hartford House that

> [t]rade dress is a complex composite of features. One may be size, another may be color or color combinations, another may be texture, another may be graphics and arrangement and so on. Trade dress is a term reflecting the overall general impact, usually visual, but sometimes also tactile, of all these features taken together.

Id. at 1271. An action for trade dress infringement under

§ 1125 may be based on the concept of unprivileged product imitation. Hartford House, 846 F.2d at 1271.

The court notes that § 1125(a) was amended by the Trademark Law Revision Act of 1988. Although the Brunswick and Hartford House cases were based on an application of the pre-amendment § 1125, the legislative history behind the amendment makes clear that the reasoning of such cases is still valid. The Senate Report accompanying the amendment noted that although the former § 1125(a) as written appeared to deal only with a limited set of false representations, the courts had interpreted it as creating a broad federal law of unfair competition, including actions for violations of trade dress and certain nonfunctional configurations of goods. Senate Rep. No. 515, 100th Cong., 2d Sess. 40-41 (1988), reprinted in 1988 U.S.C.C.A.N. 5577, 5603. The 1988 amendment was intended to codify the broad interpretation of § 1125(a) the courts had given the section. Id. Moreover, the revised definition of "trademark" adopted in the Act intentionally retained the words "symbol or device" so as not to preclude the registration of shapes and configurations where they function as trademarks. Id. at 44; 5607.

In light of this background, the court determines that Vornado's alleged mark or trade dress in this case consists of a combination of a device and a symbol -- a fan grill with a spiral configuration. The court now turns to the issue of whether the trade dress is of a type that makes it eligible for protection under § 1125(a).

Distinctiveness of Vornado's trademark or trade dress.

A product's trade dress is eligible for protection under § 1125(a) if it is so distinctive as to become, in effect, an unregistered trademark. Brunswick Corp. v. Spinit Reel Co., 832 F.2d 513, 516-17 (10th Cir. 1987). In making this determination, the general principles qualifying a mark for registration under the Lanham Act are for the most part applicable. Two Pesos, 120 L.Ed.2d at 623. To be entitled to protection, a mark must be capable of distinguishing the applicant's goods from those of others. Id. The strength or distinctiveness of a mark determines both the ease with which it may be established as a valid trademark and the degree of protection it will be accorded. Beer Nuts Inc. v. Clover Club Foods Co., 711 F.2d 934, 939 (10th Cir. 1983) (quoting McGregor-Doniger Inc. v. Drizzle, Inc., 599 F.2d 1126, 1131 (2d Cir. 1979)).

Trademark strength is measured by its tendency to identify the goods sold under the mark as emanating from a particular, although possibly anonymous, source. Id. To aid in this determination, marks are often classified in categories of generally increasing distinctiveness. They may be: (1) generic; (2) descriptive; (3) suggestive; (4) arbitrary; or (5) fanciful. Two Pesos, 120 L.Ed.2d at 623 (citing Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 9 (2d Cir. 1976)). The latter three categories of marks, because their intrinsic nature serves to identify a particular source of a product, are deemed inherently distinctive and are entitled to protection. Two Pesos, 120 L.Ed.2d at 624. In contrast, generic marks -- those that refer to the genus of which the particular product is a species -- are not registrable

as trademarks. Id. Descriptive marks are generally not protectable because they do not inherently identify a particular source. However, descriptive marks may acquire the distinctiveness that will allow them to be protected under the Act. Id. This acquired distinctiveness is called "secondary meaning." Id.

Vornado's alleged mark or trade dress in this case consists of a fan grill with a spiral configuration. The court cannot conclude that this asserted mark is so distinctive as to constitute an arbitrary or fanciful mark. Trademarks that are fanciful or arbitrary "bear no relationship to the product or service with which they are associated." Beer Nuts, Inc., 711 F.2d at 939 n.5. That is not the case with the spiral grill. The design of the spiral grill was not something chosen from an infinite variety of possibilities. The evidence showed that the fan grills at issue are subject to certain design limitations. The UL "drop test" and "probe test," for example, together with consumer expectations concerning the performance of the fan and certain economic limitations all serve to limit the universe of feasible grill designs. Given this limited universe, the selection of the spiral grill cannot be considered so unrelated to the product as to be arbitrary or fanciful. On the other hand, the spiral grill also cannot be properly classified as a mark at the opposite end of the spectrum -- i.e, merely a generic mark. Generic marks are those that simply refer to a class of goods of which the particular product is a member. Cf. Beer Nuts, Inc., 711 F.2d at 939.

The spiral grill thus falls into either the descriptive or suggestive category of marks. A descriptive mark "identifies

a characteristic or quality of an article or service, . . . as, for example, its color, odor, function, dimensions, or ingredients." Id. A term is descriptive if it forthwith conveys an immediate idea of the ingredients, qualities, or characteristics of the goods. Id. at n.5. Because a descriptive mark is one which a competitor would likely need to use in describing his product, the term does not indicate that a product comes from a particular source. Id. at 939-40. Suggestive marks, on the other hand, contain something more. Suggestive trademarks "subtly connote something about the products." Id. at 939 n.5. A term is suggestive if it requires imagination, thought, and perception to reach a conclusion as to the nature of the goods. Id.

The court concludes that the Vornado spiral grill is properly classified as a suggestive mark. The grill design itself is as a striking one likely to create a mental image of a spinning column of air. Thus, the spiral grill creatively connotes something with regard to the performance of the product. At the same time, the visual impression created by the grill subtly serves to identify the maker of the fan. The mental images likely to be formed by a consumer viewing the grill help to identify the manufacturer. The image of a vortex and, possibly a tornado, suggest the name "Vornado" -- a name derived from "vortex" and "tornado." These characteristics indicate that the grill is indeed a suggestive mark.

Duracraft argues that a product configuration is necessarily a descriptive mark because the product itself immediately conveys an idea of its qualities or characteristics. The manner in which the Vornado spiral

grill connotes an idea about the product, however, and the way in which it helps to identify the manufacturer both require a relatively high degree of imagination and deliberation. The connotation is both ingenious and subtle and cannot be labeled merely "descriptive."

In making the foregoing assessment, the court is mindful that the distinctiveness of Vornado's asserted trademark or trade dress must be determined by examining the mark as it actually appears in the marketplace. Thus, the grill cannot be considered in isolation; it must be considered as part of the appearance of an overall product. But even though the distinctiveness of the Vornado mark is lessened by the fact that it appears as a part of a fan containing numerous other features, the court still believes that the spiral grill constitutes a suggestive mark in light of the fact that the spiral grill is the most dominant and memorable visual feature in the appearance of the fan as a whole. Cf. Hartford House, 846 F.2d at 1272 (Trade dress may consist of a single feature or a combination of features.)

As a suggestive mark, the intrinsic nature of the Vornado spiral grill serves to identify the source of the product. See Two Pesos, 120 L.Ed.2d at 624. Because of this, the plaintiff is not required to show that the mark has acquired "secondary meaning." Id. The mark is distinctive enough to merit protection under the Lanham Act.

Functionality of the Spiral Grill.

In addition to distinctiveness, it is also clear that eligibility for protection under § 1125 depends on whether or

not the trademark or dress is "functional." Two Pesos, 120 L.Ed.2d at 624. If an asserted trademark is "functional" it cannot be protected under § 1125. Id. In general terms, a product feature is functional "if it is essential to the use or purpose of the article or if it affects the cost or quality of the article." Inwood Laboratories v. Ives Laboratories, 456 U.S. 844, 102 S. Ct. 2182, 72 L.Ed.2d 606 (1982). Duracraft contends that the spiral grill at issue in this case is functional, arguing that the evidence showed that the spiral grill is better than other grills at focusing the air stream from the fan into a tight beam.

The requirement that a trademark be nonfunctional appears to have been adopted from the common law tort of unprivileged imitation. See Restatement of Torts 1st § 741 (1938). The common law definition of functionality set forth in the Restatement was as follows: "A feature of goods is functional . . . if it affects their purpose, action or performance, or the facility or economy of processing, handling or using them; it is non-functional if it does not have any of such effects." Id. The purpose of the requirement at common law was to prevent the hindrance of competition through allowing one person to monopolize a feature of goods that was beneficial to the use of the goods:

> A feature of goods, or of their wrappers or containers, may be functional because it contributes to efficiency or economy in manufacturing them or in handling them through the marketing process. It may be functional, also, because it contributes to their utility, to their durability or to the

> effectiveness or ease with which they serve their function or are handled by users. When goods are bought largely for their aesthetic value, their features may be functional because they definitely contribute to that value and thus aid the performance of an object for which the goods are intended. Thus, the shape of a bottle or other container may be functional though a different bottle or container may hold the goods equally well. * * * The determination of whether or not such features are functional depends upon the question of fact whether prohibition of imitation by others will deprive the others of something which will substantially hinder them in competition.
>
> A feature is non-functional if, when omitted, nothing of substantial value in the goods is lost. A feature which merely associates goods with a particular source may be, like a trade-mark or trade name, a substantial factor in increasing the marketability of the goods. But if that is the entire significance of the feature, it is non-functional; for its value then lies only in the demand for the goods associated with a particular source rather than for goods of a particular design.

Id. at § 742, comment a.

In Brunswick Corp. v. Spinit Reel Co., 832 F.2d 513 (10th Cir. 1987), the Tenth Circuit adopted a test for functionality that turns on whether "the protection of the configuration would 'hinder competition or impinge upon the rights of others to compete effectively in the sale of goods.'" Id. at 519 (quoting Sno-Wizard Mfg., Inc. v. Eisemann Prods. Co., 791 F.2d 423, 426 n.3 (5th Cir. 1986)). This test serves to balance two potentially competing interests. One of these is the interest against granting protection to a feature that would serve to create a monopoly by preventing others from successfully competing with the individual who developed the feature. Such a monopoly would be contrary to the principle of free competition which is the foundation of our patent and trademark laws and which, presumably, is incorporated into § 1125. The other interest considered is that which underlies trademark protection itself -- the interest in allowing manufacturers to identify their products so that consumers can easily distinguish between competing products. The question of functionality is properly characterized as a defense and the burden of proving it is upon the defendant. Id.

In order to resolve the functionality issue in this case, the court must first reduce it to the proper level of specificity. The issue is not whether all fan grills, of which the spiral grill is a subset, are functional. All fan grills are functional in the sense that they must satisfy certain design objectives for the fan. All grills must keep objects such as fingers away from the fan blade while at the same time allowing air to flow past the grill. Moreover, on the specific type of fans involved in this case the vanes on the grill help

to straighten the flow of air from the blade. But the issue here is not simply whether the grill as a whole is functional; it is whether the spiral configuration of the Vornado grill (or the Duracraft grill for that matter) is functional. Cf. Brunswick, 832 F.2d at 520 ("This case is not concerned with whether the front cover [of a fishing reel] is functional, but whether the shape or configuration of the front cover is functional.")

If this inquiry were based solely on a common understanding of the word "function," the court would find that the spiral grill is functional. The evidence suggested that any grill structure with stationary or "stator" vanes of an appreciable depth helps to straighten the flow of air from the propeller. Thus, the vanes in a spiral grill are functional. Furthermore, all grills have some effect on the stream of air created by the fan blade and, intuitively, if one grill is configured differently from another the effect each has on the flow of air will be different. The court must therefore agree with Duracraft's factual assertion that any change in the curvature of the vanes would affect the flow of air. A spiral grill thus could be said to perform a "function" that is distinct from other grill configurations.

However, whether a feature is "functional" for purposes of trademark protection turns on whether the protection of the feature would hinder competition or impinge upon the rights of others to compete effectively in the sale of goods. Brunswick, 832 F.2d at 519. Although the availability of feasible design alternatives to the spiral grill is not determinative, it is a significant factor in

ascertaining whether the grill is functional. Id. at 520.[1] The evidence presented in this case did not show that the spiral grill performs any better than at least several other feasible grill designs. As far as the flow of air is concerned, the court concluded that purchasers would be unable to discern any difference in performance between a spiral grill and other types of grills with stator vanes, including the common straight radial design. Thus, the court believes that the spiral configuration does not, from a practical standpoint, represent any improvement in performance versus other grills. This fact strongly suggests that competitors who are unable to use the spiral configuration will not be hindered in their ability to compete. There are a number of successful fans on the market, including many sold by Duracraft, that use a grill design other than a spiral. Moreover, Duracraft failed to persuade the court that a spiral configuration in the grill produces a scientifically measurable improvement in performance of air flow versus at least several other feasible grill designs. The court is aware that a product feature may be regarded as functional where only a limited number of viable alternative features exist. Merchant & Evans, Inc. v. Roosevelt Bldg. Products Co., 963 F.2d 628 (3rd Cir. 1992). The evidence does not indicate, however, that the

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[1] Duracraft argues that where a structure "admittedly affects the performance of a mechanical device, the alleged existence of 'alternative' structures that may also affect a device's performance is irrelevant. Trademark eligibility turns on whether a claimed mark is 'non-functional,' not whether a claimed mark is allegedly 'as functional' as something else." Def. Prop. Find. of Fact ¶ 114. This assertion does not take into account the definition of "functionality" set forth in Brunswick.

spiral design is one of such a limited number of designs that affording it trade dress protection would unduly restrict competitors or would lead to exhaustion of available designs. Cf. Two Pesos, 120 L.Ed.2d at 627-28. Thus, the foregoing factors suggest that the spiral grill is nonfunctional.

Other factors as well indicate that the spiral configuration is not "functional." The evidence suggested that any of these feasible grill designs could easily be made to pass the UL "drop test", "probe test," and "impact test," and that a spiral grill configuration does not represent an improvement in those aspects of grill performance. Duracraft also failed to present persuasive proof that use of the spiral grill entails any savings in manufacturing costs as compared to other types of grills. And, as far as the aesthetic value of a spiral grill is concerned, the evidence presented was not sufficient to allow an assessment of the degree or significance of the spiral grill's aesthetic appeal. In sum, Duracraft has failed to show that a spiral configuration of the grill in any way serves to further the performance objectives of Vornado fans or of the DT-7. The spiral configuration of the ribs is essentially a symbolic feature that is conceptually separate from the utilitarian aspects of the grill.

Duracraft presented evidence showing that it markets the DT-7 fan based on a jet engine theme. The fans are sold under the trademarks "Air Duracraft" and "Turbo Fan." The court concludes from the evidence that being unable to use the spiral configuration would not adversely affect Duracraft's ability to market the DT-7 using a jet engine theme. Cf. Joint Exh. 3 at 80-81. The evidence indicated

that the vanes in the turbine of a jet engine actually more closely resemble a straight radial fan grill than the spiral grill. Pl. Exh. VV. The deposition testimony of Duracraft salesperson Ronald Izen suggested to the court that Duracraft could successfully compete with a different grill structure in the DT-7. Joint Exh. 3 at 80-81. Duracraft presented no evidence to show that the success of the DT-7 was due in any significant degree to the spiral grill configuration. The court believes that it is fairly obvious from the evidence presented that the most important factor in the success of the DT-7 is its low price, although Mr. Izen indicated that in his opinion the most important factor in consumers choosing the DT-7 was color. At any rate, there was no evidence to suggest that Duracraft could not compete just as effectively if the DT-7 had a different grill configuration.

Duracraft has not shown that its ability to compete or the ability of others to compete will be harmed if it is not allowed to copy the Vornado spiral grill. It has not been shown that the use of a spiral grill configuration is essential to the use or purpose of the DT-7 fan. Cf. Inwood Laboratories, supra. Nor has Duracraft presented any persuasive evidence showing that the spiral grill affects the cost or quality of the fan. Id. As far as the court can tell, there is simply no practical difference in the performance of the spiral grill and other types of grills such as the radial grill. If the spiral grill performs better in some respect than these grills, that fact has not been shown by the evidence here. The court must conclude that the value of the spiral configuration does not lie in its functional attributes; rather, its value lies primarily in its appearance. As the court has previously discussed, that appearance suggests something

about the performance of the product and also creatively suggests the identity of the manufacturer. Based upon the evidence presented and the standard set forth in Brunswick, the court concludes that Duracraft has failed to meet its burden of showing that the spiral configuration of the Vornado grill (or the DT-7 grill) is functional.

Estoppel.

Duracraft contends that principles of estoppel should bar Vornado from asserting that its spiral grill is nonfunctional. In support of this argument, Duracraft asserts that Vornado obtained the '324 utility patent based in part upon claims that the spiral grill was functional. Duracraft also notes that Vornado's advertising has featured claims concerning the functional attributes of the spiral grill. Vornado concedes that it has referred to its grill "performing various functions" but argues that it is now simply pointing out that "the spiral grill is not the only grill design that performs such functions." Pl. Proposed Find. of Fact ¶ 90.

The court cannot agree with Vornado's suggestion that its prior statements concerning the functionality of the spiral grill are entirely consistent with the position it has taken in, this case. What was declared in the '324 patent to be an "optimum flow of air" from the spiral grill is now represented to be a flow of air that is not quite as good as

other grill designs.[2] See Def. Exh. 9. Vornado claimed in the '324 patent that the curved rib in its grill, as compared with a conventional straight rib, "provides a less rigid grill structure which can be desirable under certain circumstances such as impact shocks." Id. Now, however, Vornado argues that any difference between the ability of the spiral grill and other grills to withstand impact shocks is insignificant. What Vornado described in advertisements as the "patented AirTensity Grill" is now claimed not to be patented (or patentable) as a separate article. Vornado's customers might be interested to learn that the grill which Vornado represents to be an advanced technological device designed to "amplify and re-enforce the naturally occurring vortex created by the propeller" and which "accomplishes a high degree of safety and functionality" is now said by Vornado to perform no function that other grills do not perform. While the various representations in advertisements could theoretically be considered legitimate "puffing" on Vornado's part, the court concludes that Vornado represented in the '324 patent that the spiral grill has a unique effect on the flow of air and that it is technologically superior to other grill designs. Such representations are not consistent with the position taken by Vornado in this case. Given this inconsistency, the court has carefully considered Duracraft's argument that Vornado's prior representations should estop it from now claiming that

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[2] The common meaning of "optimum" is "the amount or degree of something that is most favorable to some end . . . ." Webster's Seventh Collegiate Dictionary (1965) (emphasis added).

its grill is non-functional.[3] Duracraft's argument is based upon statutory estoppel, a doctrine founded upon the principle that one who claims and obtains a statutory benefit will be estopped from subsequently asserting that which is inconsistent with the previous claim. In Technicon Medical Information Systems v. Green Bay Packaging Inc., 687 F.2d 1032 (7th Cir. 1982), cert. denied, 459 U.S. 1106 (1983), the Seventh Circuit set forth three elements for statutory estoppel: (1) assertion by a party of entitlement to statutory right or privilege; (2) the receipt by that party of an actual benefit pursuant to the statute; (3) subsequent assertion by that party which is inconsistent with entitlement to the statutory benefit previously received. Id. at 1034. Duracraft argues that Vornado has enjoyed the benefits of the '324 patent by practicing the invention and by asserting the patent against third parties and that Vornado is now asserting a claim inconsistent with the patent.

The court recognizes and agrees with the underlying premise of Duracraft's argument: that Vornado may not obtain patent protection by arguing that the grill is functional and later obtain trademark protection by claiming that it is nonfunctional. Clearly, Vornado formerly claimed that the spiral grill was functional but has now changed its position and is claiming,that the grill is nonfunctional. Whether

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[3] If it were shown that Vornado had knowingly made false representations with an intent to mislead either the PTO or this court, the court would likely find that an award of any relief under § 1125 would be inequitable. Duracraft is not asserting, however -- and has not presented evidence sufficient to support - any claim that Vornado made these representations as part of an intentional effort to mislead. See Def. Prop. Findings of Fact.

Vornado can do so and still obtain relief under § 1125 consistent with the principles of equity depends, in the court's view, upon two factors: the extent of the benefit obtained by Vornado by virtue of its previous position and the degree of reliance reasonably placed upon that position by Duracraft or others.

As to the first factor, there can be no dispute that Vornado at least asserted that it was entitled to a statutory right. Vornado obtained the '324 patent based in part upon claims that the spiral configuration of the grill produced an "optimum" flow of air and was "less rigid" than other grill structures. The language used in the '324 patent (Def. Exh. 9) leaves no doubt that Vornado claimed the spiral grill as a part of its patented invention. Vornado also used the patent in letters sent to other manufacturers warning them not to infringe on the patent. These facts are sufficient to meet the first element of statutory estoppel.

The second element of statutory estoppel is the receipt by the party of an actual benefit pursuant to statute. Duracraft argues that Vornado's receipt of the '324 patent and its assertion of the patent against third parties is sufficient to meet this element. The court disagrees. The Technicon case, which is relied upon by Duracraft as support for its argument, is instructive in this regard. In Technicon the plaintiff had prepared and disseminated to its customers a reference manual containing a copyright notice. 687 F.2d at 1033. The defendant was hired by the plaintiff to provide certain services to those customers. The plaintiff subsequently brought an action alleging that the defendant had misappropriated trade secrets contained in the manual

despite the fact that the basis of trade secret protection was incompatible with copyright protection. The defendant argued that the plaintiff should be statutorily estopped from maintaining its trade secret claim because of plaintiff's assertion of entitlement to copyright protection. The court concluded that the plaintiff's act of publishing a work with a copyright notice did not result in a sufficient benefit to warrant application of statutory estoppel. The court stated that no actual benefit would be conferred on a copyright owner until an enforcement action was successfully maintained because only after such a proceeding would there be a final determination that the owner was entitled to the protection of the Copyright Act and some type of relief awarded. Id. at 1036. Thus, "[o]nly where a party obtains judicial enforcement of a statutory copyright and subsequently asserts trade secret protection as to the same material would the second element of statutory estoppel be present." Id.

The court concludes that statutory estoppel is likewise inappropriate under the facts of this case. Although the '324 patent was issued to Vornado based in part upon the assertion that the spiral grill was functional, there is no evidence that Vornado has ever obtained judicial enforcement of the patent. As such, there has been no final determination as to the validity of the patent or as to any of the claims made therein. (This is true regardless of the fact that the patent may carry with it a presumption of validity.) There is no evidence showing, that Vornado has obtained the essential benefits conferred by statute upon the owner of a valid patent -- a judicially enforceable right to exclude others from making or selling the patented invention and the right

to obtain damages for infringement of the patent. See 35 U.S.C. §§ 281, 283, 284. Under the reasoning of Technicon, then, Vornado has not received an actual benefit pursuant to statute.

The same is true as to Duracraft's argument that Vornado has received an actual benefit by asserting the '324 patent against third parties. The evidence cited to support this contention consists primarily of two letters written by Vornado. Def. Prop. Concl. of Law ¶ 31. Each letter was sent by Vornado to a separate fan manufacturer and each suggested that a fan produced by that manufacturer may have been infringing on the '324 patent. Def. Exh. 45, 46. The letters apparently deterred the manufacturers from selling the accused fans, although the evidence on this point was sketchy. There was also evidence that Vornado initiated a lawsuit against the Patton Fan Company for alleged infringement of the '324 patent and that this suit was subsequently settled. Tr. Vol. II at 150. The court concludes that this evidence is not sufficient to show receipt of an "actual benefit" within the meaning of statutory estoppel. The assertion of a right to enforce the patent by Vornado was just that -- an assertion. Cf. Technicon, 687 F.2d at 1036 ("The notice is merely an assertion of entitlement to statutory copyright protection and is not, of course, conclusive, . . .") No final determination was made as to the validity of the patent or to Vornado's entitlement to relief under the governing statutes. Cf. id. Additionally, the court also notes that no evidence has been presented that Vornado has ever asserted the patent against others to prevent them from producing a fan with a spiral grill design. All factors considered, this evidence is not sufficient to show

receipt of "an actual benefit pursuant to statute."

In addition to examining the extent of any benefit received, the court has also examined the degree of reliance placed by others upon Vornado's prior claims. As an initial matter, the court finds that any assumptions about reliance resulting from the general deterrent effect of the claims in the patent would be too speculative to warrant barring Vornado from asserting the nonfunctionality of the grill. Cf. Technicon, 687 F.2d at 1036-37.[4] As to the evidence of Duracraft's reliance, the court takes note of the contention that Duracraft specifically relied upon '324 patent and the claims made therein when it made the decision to produce the DT-7. See Tr. Vol. II at 28-29. The court finds that it is more likely true than not that Duracraft did indeed rely on the '324 patent and the court further finds that it was reasonable to do so. Under the circumstances, the court concludes that these facts warrant the application of the principle of estoppel against Vornado at least to some extent. The court does not find, however, that Duracraft's reliance is sufficient to preclude Vornado from asserting the nonfunctionality of the spiral grill or from pursuing its trade dress claim. Cf. Clamp Mfg. Co. v. Enco Mfg. Co., 870 F.2d 512, 516 (9th Cir. 1989) (Configuration of plaintiff's product, a "C" clamp, was nonfunctional even though there was an expired utility patent on the product and plaintiff's advertising had touted the product's utilitarian aspects.) Rather, the court finds that any relief for infringement of

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[4] As it pertains to a claim of detrimental reliance, evidence of any reliance by the two manufacturers previously mentioned upon the '324 patent is too vague to support a finding of estoppel against Vornado.

Vornado's trade dress can and should be tailored to mitigate the effects of Duracraft's reliance on the patent claims. Duracraft's reliance may excuse its infringement to some extent, but in the court's view it does not warrant preclusion of all relief -- particularly that which is prospective in nature.

Likelihood of Confusion.

In order to recover under § 1125(a), Vornado must prove that the use of a spiral grill in the DT-7 is likely to cause "confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of" Duracraft with Vornado, or "as to the origin, sponsorship, or approval of" Duracraft's DT-7 by Vornado. See 15 U.S.C. § 1125(a). The Lanham Act was intended to make actionable "the deceptive and misleading use of marks" and "to protect persons engaged in . . . commerce against unfair competition." Two Pesos. Inc. v. Taco Cabana Inc., 505 U.S._ , 112 S.Ct., 120 L.Ed.2d 615, 623 (1992).

A number of factors are relevant in determining whether a sufficient likelihood of confusion exists to warrant relief under § 1125. The Tenth Circuit has consistently applied the factors set forth in the Restatement of Torts § 729 (1938) to claims of trademark infringement. See Jordache Enterprises Inc. v. Hogg Wyld, Ltd., 828 F.2d 1482, 1484 (10th Cir. 1987). These factors would also be relevant to a claim of trade dress infringement. See Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S., 112 S.Ct._,

120 L.Ed.2d 615 (1992) (The principles governing trademarks apply as well to trade dress.) The Restatement factors are:

> (a) the degree of similarity between the designation and the trade-mark or trade name in
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> (i) appearance;
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> (ii) pronunciation of the words used;
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> (iii) verbal translation of the pictures or designs involved;
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> (iv) suggestion;
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> (b) the intent of the actor in adopting the designation;
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> (c) the relation in use and manner of marketing between the goods or services marketed by the actor and those marketed by the other;
>
> (d) the degree of care likely to be exercised by purchasers.

Id. This list is not exhaustive. Jordache, 828 F.2d at 1484. All of the factors are interrelated, and no one factor is dispositive. Id.

Degree of similarity. The first factor to be considered is the degree of similarity between the DT-7 and Vornado's asserted trade dress. As the court indicated previously, this similarity is not to be measured simply by comparing in isolation the spiral grills used by each party. Rather, the court must examine the grills in context as part of a product sold in the marketplace. Consistent with this approach, Duracraft has identified a number of features that

distinguish the DT-7 from any of the fans made by Vornado. The overall configuration of the DT-7 differs from any Vornado fan. For example, the base and duct structure on the DT-7 is not particularly similar to that used on Vornado fans. The knob in the center of the DT-7 is unusual and distinctive and does not appear on any Vornado fan. Also, the neon colors used in the DT-7 are distinctive and unlike any of the plaintiff's products. As far as packaging is concerned, Duracraft correctly points out that the packaging used by Vornado bears little or no similarity to Duracraft's packaging. Each DT-7 package clearly indicates that the product is a "Duracraft" while the packaging for the plaintiff's products clearly states "Vornado." Also, there is a large price disparity between the DT-7 and even the least expensive Vornado fan, the 180 Compact. These distinctions, as well as others, are significant and weigh against a finding of similarity and the resulting likelihood of confusion that similar trade dress might entail.

The differences pointed out by Duracraft are such that a consumer would be able to differentiate the DT-7 from Vornado's products in a side-by-side comparison. A side-by-side comparison is not the test, however. Beer Nuts Inc., 711 F.2d at 941. The marks must be compared in light of what occurs in the marketplace. Id. "A prospective purchaser does not ordinarily carry a sample or specimen of the article he knows well enough to call by its trade name[;] he necessarily depends upon the mental picture of that which symbolizes origin and ownership of the thing desired." Id. "Therefore, the court must determine whether the alleged infringing mark will be confusing to the public when singly presented." Id.

Notwithstanding the differences highlighted by Duracraft, the court concludes that the similarity in the grill structures of the DT-7 and Vornado's fans is such as to outweigh the differences in the fans and to give rise to an inference of confusion. Cf. Beer Nuts, Inc v. Clover Club Foods Co., 805 F.2d 920, 925-26 (Beer Nuts II) (10th Cir. 1986) (Similarities are to be weighed more heavily than differences.) Although there are many differences between the DT-7 and Vornado's fans, the single most distinctive and memorable visual feature of each is the spiral grill. Thus, there is a high degree of similarity between the most dominant visible feature of the fans. "Trademarks may be confusingly similar if they suggest the same idea or meaning." Jordache, 828 F.2d at 1485. The spiral grill is a distinctive device whose appearance is symbolic of a vortex. Such distinctive symbolic marks are likely to "catch the eye of the customer and create a lasting general impression." Finn v. Cooper's Inc., 292 F.2d 555, 558 (C.C.P.A. 1961). The spiral configuration of the grill implies something about the performance of the fan by suggesting an image of a vortex of air. A verbal translation of the spiral configuration would likely include the term "vortex" and possibly "tornado." Thus, the image itself is also suggestive of the name Vornado. Because the grills in the DT-7 and Vornado fans are nearly identical in this regard, the fans are likely to leave a nearly identical mental impression in the mind of the consumer. Compare Attachments 4 and 5 (attached to this opinion). The court finds that, despite the differences between the DT-7 and Vornado fans, this similarity is likely to create confusion as

to whether Duracraft is associated or affiliated with Vornado or confusion as to the approval or sponsorship of the DT-7 by Vornado.

Defendant's Intent. Another factor to be considered in the confusion inquiry is the intent of Duracraft in adopting the spiral grill. The deliberate adoption of a similar mark may lead to an inference of intent to pass off goods as those of another, which in turn supports a finding of likelihood of confusion. Beer Nuts II, 805 F.2d at 927. The facts of this case present an unusual situation because of the claims made by Vornado in the '324 patent. There is no question that Duracraft intentionally adopted a grill that it knew to be nearly identical to one used by Vornado. Duracraft points out that, because of the '324 patent and its possible limitations, Duracraft in good faith could have believed that it was entitled to imitate the Vornado spiral grill. Thus, Duracraft cannot be said to have acted with a bad or wrongful motive when it adopted the spiral grill. Be that as it may, the fact that Duracraft intentionally adopted a similar grill reinforces the inference that there is a likelihood of confusion. The confusion among consumers that results from similar grills is the same regardless of whether Duracraft's motive in copying the grill is characterized as proper or improper.[5] Because Duracraft intentionally used a grill similar to Vornado's, the court finds that a presumption arises that the public is likely to be confused by the similarity. See L.A. Gear, Inc. v. Thom McAn Shoe

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[5] Although the propriety of Duracraft's motive is not relevant to the confusion inquiry, the court notes that it is relevant in determining what equitable relief, if any, is appropriate in this case.

Co., 988 F.2d 1117, 1132 (Fed. Cir. 1993) (If there was intentional copying the second comer will be presumed to have intended to create a confusing similarity and will be presumed to have succeeded; thus, the burden of proving that confusion has been avoided is on the copier.). See also Osem Food Indus. Ltd. v. Sherwood Foods, Inc., 917 F.2d 161 (4th Cir. 1990) (same). Cf. Two Pesos, 120 L.Ed.2d at 626. (The copier of an inherently distinctive mark may be seen as falsely claiming that his products may for some reason be thought of as originating from the plaintiff.) Additionally, the court concludes from all of the evidence that one of the purposes behind Duracraft's imitation of the Vornado grill was that Duracraft hoped, by producing a product with a look similar to Vornado's, to derive some benefit from Vornado's reputation for making efficient high-quality fans.

Use and Marketing of Products. A third factor relevant to confusion is the relation in use and manner of marketing between the DT-7 and Vornado fans. The court notes that the use to which such products are put is identical. As to the evidence concerning the marketing of these products, there was some evidence of common wholesale customers for the DT-7 and Vornado fans, although the fans are sold predominately in different outlets. The court also found from the evidence that it was likely that the DT-7 and the Vornado Model 180-C are to some degree directly competing products, with the DT-7 being a much less expensive alternative to the 180-C. Significantly, the level of direct competition between Vornado fans and the DT-7 is likely to increase in the future as Vornado expands or directs its product line toward the low end of the fan market. It

appears that both parties market their fans throughout the United States, although in terms of volume the DT-7 far outsells Vornado fans. On the whole, the court concludes that the level of competition between the DT-7 and at least some of Vornado's fans is a factor that contributes marginally toward a finding of a likelihood of confusion.

The specific manner in which the products involved in this case are presented to the public is also likely to have some affect on confusion. Duracraft sells the DT-7 in a box with a circle cut out of the front so that customers can see the actual spiral grill of the fan. The cutout accentuates the visual impact of the spiral grill and virtually eliminates the impact of the fan's other features. Vornado does not use such a package, but it also emphasizes the spiral grill when marketing Vornado fans. Cf. Finn, 292 F.2d at 559 ("[T]here is a likelihood of confusion, . . . if the dominant impression created by each picture design is the same, even though different word trademarks are associated with the picture trademarks.")

One of the most significant factors weighing against a finding of confusion is the fact that the products involved in this case and their packages clearly identify the manufacturer of the fans. The DT-7's package plainly identifies "Duracraft" as the manufacturer. The product itself also contains the mark "AirDuracraft" on a visible surface of the fan, although this mark is not prominent. Similarly, the Vornado fans and their packaging clearly identify Vornado as the manufacturer of the fan. Cf. Bose Corp. v. Linear Design Labs, Inc., 467 F.2d 304, 310 (2nd Cir. 1972) (There is hardly likelihood of confusion or

palming off when the name of the manufacturer is clearly displayed.) But cf. Bristol-Meyers Squibb Co. v. McNeil-P.P.C., Inc., 973 F.2d 1033 (2nd Cir. 1992) (In other cases the trade name may be a less dominant feature of the entire trade dress and thus have less force in countering other similarities between the two trade dresses.)

Degree of Care. A fourth factor to be considered in determining whether confusion exists concerns the degree of care likely to be exercised by ordinary purchasers. The significance of this factor arises from the view that confusion is more likely to occur when consumers devote little care to examining and purchasing products and is less likely when consumers exercise a high degree of care. The court believes that in one respect this factor marginally contributes to a finding of a likelihood of confusion. The DT-7 is very low priced -- selling for approximately ten dollars retail -- and is sometimes marketed near check-out counters as an impulse purchase item. Tr. Vol.IV at 121-22. Consumers are likely to exercise little care in gathering information that might dispel confusion arising from the fan's similarity to Vornado products. On the other hand, the great disparity in price between the DT-7 and any of the Vornado products is a factor that generally serves to distinguish these products. The disparity in price clearly serves to reduce the likelihood of confusing the DT-7 for a Vornado product.

Actual Confusion. Evidence of actual confusion, although it is not necessary for a finding of a likelihood of confusion, may be the strongest evidence to support such a determination. See Brunswick, 832 F.2d at 521. The court concludes that the "actual confusion" evidence presented by

Vornado in this case, although by no means overwhelming, makes a likelihood of confusion somewhat more probable. Vornado presented the testimony of several witnesses as part of an attempt to show actual confusion. Some of the testimony supported a finding that a likelihood of confusion exists as to whether Duracraft is associated with Vornado or confusion as to the approval or sponsorship of the DT-7 by Vornado. Ms. Shirley Kibby, a consumer who had purchased both DT-7 fans and Vornado fans, stated that the similarities in these fans led her to believe that they may have been manufactured by the same company.[6] Although she could clearly see that they were sold under different brand names, she stated that she believed that some brand name companies "often manufacture the more expensive product under a brand name, that they also sometimes manufacture a less expensive product under another name,

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[6] Duracraft pointed out that Ms. Kibby purchased a DT-7 before she ever became aware of Vornado fans. Thus, she clearly did not purchase a DT-7 as a result of any confusion arising from a similarity between the DT-7 and any Vornado product. Duracraft contends that Ms. Kibby's testimony is therefore irrelevant on the confusion issue. The court disagrees. The fact that Ms. Kibby expressed some confusion concerning the products after she examined both is relevant to whether there is such a similarity as to give rise to confusion.

Duracraft also suggests that there is no real evidence of actual confusion in this case, pointing out that Vornado did not attempt a survey of consumers to measure the fact or extent of any confusion. A survey would have been highly probative on this issue, but the absence of survey evidence is not dispositive. Vornado did submit some evidence concerning the state of mind of purchasers -- in the form of Duracraft customer response cards -- which supported an inference of a likelihood of confusion. Pl. Exh. I.

but still manufactured by the same company." Tr. Vol.I at 90-91. Another witness on the issue of confusion was Richard Reischmann, who is a sales supervisor for a Wichita retail outlet that sells both the DT-7 and Vornado fans. Upon seeing the DT-7 for the first time, Mr. Reischmann, described the DT-7 as a "mini-Vornado." Tr. Vol.III at 124. Mr. Reischmann realized, however, that the DT-7 was not a Vornado product but was what he considered a "knock-off" or "copycat" item. Id. at 124-25.

As an initial matter, the testimony of the witnesses served to underscore the similarity between the DT-7 and Vornado fans and the resulting association that a person viewing these products is likely to make. The testimony cited above also points out one aspect of the confusion that the court believes is likely to arise from Duracraft's use of a spiral grill in the DT-7. Although Mr. Reischmann, a salesperson intimately familiar with the Vornado product, was not confused by virtue of the look-alike grill, an ordinary consumer such as Ms. Kibby would be more likely to believe that the similarity in the spiral grills indicates some association or connection between Duracraft and Vornado or some sponsorship or approval of the DT-7 by Vornado. Cf. Gilbert/Robinson, Inc. v. Carrie Beverage-Missouri, Inc., 758 F.Supp. 512, 524 (E.D. Mo. 1991), aff'd, 989 F.2d 985 (8th Cir. 1993) (Even sophisticated customers may assume that many companies acquire satellites or subsidiaries.) This fact is underscored by the testimony of Mr. Kelly, who as a purchaser was likely to be more sophisticated than the average consumer. Mr. Kelly's testimony indicated that, when he saw DT-7 fans in a discount store, he thought that the fans were in fact

associated with or manufactured by Vornado. And, although Vornado presented no evidence of any attempt on its part to quantify or measure the level of confusion likely to result among consumers, the court was persuaded based upon all of the evidence that an appreciable number of consumers are likely to be confused or to make an incorrect mental association between Duracraft and Vornado. This confusion is likely to be greater in the future as Vornado takes the natural step of expanding its product line and marketing fans toward the "low" end of the fan market.

Likelihood of Confusion - Summary.

The foregoing are some of the factors relevant to the issue of the likelihood of confusion. Based upon a consideration of all of the evidence and the relevant standards, the court concludes that the plaintiff has shown that a sufficient likelihood of confusion exists to warrant relief under § 1125. The high degree of similarity between the spiral grills used in the DT-7 and Vornado fans is likely to create in the mind of the average consumer an impression of the products being similar, if not identical. This is due in large part to the suggestive qualities of the spiral configuration. Of course, "confusion" under § 1125 must amount to something more than a conclusion that two products are similar. Confusion does occur, however, when consumers make an incorrect mental association between the involved commercial products or their producers. Jordache, 828 F.2d at 1484. The nearly identical mental impression created by the spiral grills used in these products -- particularly when the products are singly presented -- is likely to cause an appreciable number of consumers, when

exercising ordinary care, to incorrectly believe that the maker of the DT-7 is connected, affiliated, or associated with the maker of Vornado fans. It is also likely to cause consumers confusion or mistake as to whether the DT-7 is sponsored or approved by Vornado. Although the testimonial evidence of "actual confusion" relied upon by Vornado would not be sufficient by itself to support this conclusion, the court finds that the evidence taken as a whole supports this view. The court finds that the sale of the DT-7 with a spiral grill is the use in commerce of a device or a combination of a symbol and a device, in connection with goods, which is likely to cause confusion as to the affiliation, connection, or association of Duracraft with Vornado, or confusion as to the sponsorship or approval of the DT-7 by Vornado. As such, Vornado has shown an infringement of trade dress actionable under § 1125.

Laches.

Duracraft has asserted the defense of laches and argues that Vornado's inexcusable delay in bringing suit warrants dismissal of Vornado's claims. According to Duracraft, Vornado sat back over a period of one and one-half years and voiced no objection -- despite the fact that it was aware of the DT-7's spiral grill -- while Duracraft worked to make the DT-7 into a successful product.

Laches consists of two elements: (1) inexcusable delay in instituting suit; and (2) resulting prejudice to the defendant from such delay. Brunswick, 832 F.2d at 523. The court concludes that both elements are present in this case. The evidence indicated that Vornado learned of the

existence of the DT-7 in January of 1991. Despite this knowledge, Vornado took no steps to notify Duracraft that the DT-7 infringed on Vornado's alleged trade dress until this suit was filed on November 6, 1992. This delay was inexcusable. The court finds unpersuasive Vornado's vague assertion that the delay was caused by the need to find out more about the DT-7. The court is inclined to agree with Duracraft's suggestion that Vornado was attempting during this time to work out a legal strategy to protect what it considered to be the "Vornado look" of the spiral grill. The court recognizes that there is some ambiguity in the law covering patents and trademarks. To some extent, this ambiguity may explain the plaintiff's course of action. As far as the court is concerned, however, no excuse for the delay in instituting suit has been shown.

The evidence also shows resulting prejudice to Duracraft from the delay. By the time Vornado got around to notifying Duracraft that it was claiming the spiral grill as a protected trade dress, Duracraft had sold nearly one million DT-7 model fans in the United States. The court finds that it would be inequitable under these circumstances to allow Vornado to profit from its delay in notifying Duracraft of its claim.

Although the court finds that Vornado is guilty of laches, the court does not agree with Duracraft's argument that Vornado's delay merits dismissal of the lawsuit or that it should serve as a complete bar to relief. The delay by itself was not of such a character that it amounted to a complete acquiescence by Vornado in Duracraft's use of the spiral grill or an assurance by Vornado that it would not act

at some point to protect its trade dress. (Indeed, Duracraft argues that Vornado did not acquiesce in Duracraft's use of the grill but was "secretly planning for this lawsuit" during the delay.) Under the circumstances, the court concludes that the prejudice arising from Vornado's delay is such as to preclude any award of monetary relief for infringement of Vornado's trade dress. The delay by itself, however, has not resulted in such prejudice to Duracraft that it should be allowed to continue unimpeded in the future to infringe on Vornado's trade dress. There is no persuasive evidence that Duracraft will be irreparably harmed by prospective injunctive relief requiring Duracraft to refrain from manufacturing and selling the DT-7 with a spiral grill, provided Duracraft is given sufficient time to make a change in the grill. As will be set forth more fully in the court's discussion of an appropriate remedy for infringement of the trade dress, the court concludes that an equitable remedy may be fashioned which upholds the policies underlying § 1125(a) while at the same time relieving Duracraft from unfair prejudice arising from Vornado's conduct in this matter.

Relief.

Monetary Relief. When a violation of § 1125(a) is established, the plaintiff is entitled, subject to the provisions of sections 1111 and 1114,[7] and subject to the principles of

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[7] Section 1111 provides in part that where the registrant of a mark does not display notice that his mark is registered, no profits and no damages shall be recovered unless the defendant had actual notice of the registration. Section 1114 provides in part that in certain cases of infringement of a registered mark, the registrant may not recover profits

equity, to recover: (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. 15 U.S.C. § 1117.

The court concludes that principles of equity preclude Vornado from recovering any profits or damages in this case. Vornado's failure to provide timely notice that it considered the spiral grill to be a protectable trade dress, together with the fact that Duracraft reasonably relied on Vornado's claims in the '324 patent that the spiral grill was functional, would make any award of profits or damages in this case inequitable. Duracraft undertook development of the DT-7 based in part upon claims in the '324 patent that the spiral grill was functional. Duracraft evidently made a legal determination that the spiral grill was not protected by the '324 patent -- a proposition Vornado does not dispute. Also, Vornado learned of the DT-7 fan in January of 1991 but took no steps to notify Duracraft that the fan infringed on Vornado's trade dress until November of 1992, by which time Duracraft had achieved considerable sales of the DT-7. Thus, prior to the institution of suit, Duracraft had no notice whatsoever of Vornado's contention that the spiral grill could not be freely copied. Moreover, even after the institution of suit, the court concludes that because of Vornado's claims in the '324 patent it was reasonable for Duracraft to continue using the spiral grill until such time as this court could make a determination as to whether or not the grill was a protected trade dress. Cf. Bonito Boats v. Thunder Craft Boats, 489 U.S. 141, 109 S.Ct. 971, 103 L.Ed.2d 118 (1989) (An

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or damages unless the acts were committed with knowledge that the imitation was intended to cause confusion, mistake, or deceit.

award of damages in an action for patent infringement is made contingent upon fixing notice of patent on the article; the public is entitled to rely upon the lack of notice in exploiting shapes and designs accessible to all.) The court concludes that under the circumstances it would be inequitable to award Vornado any profits or damages arising from sales of the DT-7 unless Duracraft continues to make and sell an infringing fan after it has been given a reasonable time in which to adopt a grill that does not infringe on Vornado's trade dress.

The same principles of equity prevent Vornado from receiving an award of costs of this action. Based upon the evidence, the court concludes that a sizeable portion of the costs associated with this suit likely could have been avoided or reduced had Vornado acted in a timely fashion in providing Duracraft with notice of its claims. The court finds that each party should bear its own costs.

Attorney's Fees. Vornado seeks an award of attorney's fees under § 1117(a), which provides that in "exceptional cases" the court may award reasonable attorney's fees to the prevailing party. The "exceptional case" requirement is generally met only where there is a showing of some degree of bad faith on the part of the infringer. See Takecare Corp. v. Takecare of Oklahoma, Inc., 889 F.2d 955, 957 (10th Cir. 1989). The court concludes that there has been no showing of bad faith on the part of Duracraft that would justify an award of attorney's fees. The court was persuaded by the evidence suggesting that Duracraft had a good faith belief that it was entitled to copy the Vornado spiral grill. See e.g., Tr. Vol. II

at 28-29.

Injunctive Relief. Under 15 U.S.C. § 1116, this court has the power to grant injunctions, according to the principles of equity and upon such terms as the court may deem reasonable, to prevent a violation under § 1125(a).

As part of the relief sought in this case, Vornado asks the court to enjoin Duracraft from using a spiral grill in the DT-7. In response, Duracraft has argued that under the federal patent laws it has a right to copy Vornado's spiral grill and, consequently, any injunctive relief under § 1125(a) is necessarily limited to requiring Duracraft to eliminate consumer confusion by taking such steps as labeling the DT-7 more clearly or including a disclaimer on the DT-7's packaging.

Duracraft's argument merits serious consideration in light of a trio of cases decided by the Supreme Court dealing with the preemptive effect of the federal patent laws. In Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225, 84 S.Ct. 784, 11 L.Ed. 87 (1964), the Supreme Court held that a state's unfair competition law could not, consistently with the federal patent laws, prohibit the copying of an article which is protected by neither a federal patent nor a copyright. The article at issue in Sears was a type of light fixture on which the plaintiff had procured design and mechanical patents. Sometime thereafter, Sears began selling a substantially identical light fixture. The plaintiff brought an action against Sears alleging infringement of the patents under federal law and unfair competition under state law. The district court found that the patents were invalid

for lack of invention, but went on to find that Sears engaged in unfair competition by copying the fixtures. The court enjoined Sears from selling light fixtures identical to the plaintiff's. The issue of unfair competition, after being affirmed by the circuit court, went to the Supreme Court.

In addressing the unfair competition claim, the Sears Court first outlined the federal patent laws and their underlying policies. The Court noted that the federal patent laws were a product of the Constitutional grant of authority to Congress "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U. S. Const., Art.I, §8, cl.8. Consistent with this provision, Congress has enacted a scheme of laws which reward an inventor of a new and useful article by granting a patent -- which constitutes a statutory monopoly to make and sell the article for a limited term of years. This scheme serves to promote invention while at the same time preserving free competition. Inventors are encouraged to disclose their inventions so as to gain the protection of a patent. Free competition is served by the fact the monopoly granted by the patent is limited to a term of years, after which the right to make the article passes to the public. After outlining the federal standards and the interests they promote, the Court continued:

> Obviously a State could not, consistent with the Supremacy Clause of the Constitution, extend the life of a patent beyond its expiration date or give a patent on an article which lacked the level of invention required

> for federal patents. To do either would run counter to the policy of Congress of granting patents only to true inventions, and then only for a limited time. Just as a State cannot encroach upon the federal patent laws directly, it cannot, under some other law, such as that forbidding unfair competition, give protection of a kind that clashes with the objectives of the federal patent laws.

11 L.Ed. at 666-67. After noting that the plaintiff's light fixture had been held not to be entitled to either a mechanical or a design patent, the court stated:

> An unpatented article, like an article on which the patent has expired, is in the public domain and may be made and sold by whoever chooses to do so. What Sears did was to copy [plaintiff's] design and to sell lamps almost identical to those sold by [plaintiff]. This it had every right to do under the federal patent laws. That [plaintiff] originated the pole lamp and made it popular is immaterial. "Sharing in the goodwill of an article unprotected by patent or trade-mark is the exercise of a right possessed by all -- and in the free exercise of which the consuming public is deeply interested." [citing Kellogg Co. v. National Biscuit Co., 305 U.S. 111, 59 S.Ct. 109, 83 L.Ed. 73 (1938).]

Id. at 667. The Court concluded that the state's attempt to prevent Sears from copying and selling the lamp was an encroachment on the federal patent system and was preempted under federal law. The Court did note that, in appropriate circumstances, a state could

> require that goods, whether patented or unpatented, be labeled or that other precautionary steps be taken to prevent customers from being misled as to the source, just as it may protect businesses in the use of their trademarks, labels, or distinctive dress in the packaging of goods so as to prevent others, by imitating such markings, from misleading purchasers as to the source of the goods. But because of the federal patent laws a State may not, when the article is unpatented and uncopyrighted, prohibit the copying of the article itself or award damages for such copying.

Id. at 668.

The Supreme Court reiterated these principles in a companion case decided the same day as Sears. That case, Compco Corp. v. Day-Bright Lighting, 376 U.S. 234, 84 S.Ct. 779, 11 L.Ed.2d 669 (1964), presented facts nearly identical to Sears. The result was the same, too, as the Court again found that the federal patent laws preempted a state unfair competition law. The Court recognized that problems of confusion might arise from competitors making similar products, but held that a state could not remedy that

confusion by prohibiting copying of the article:

> That an article copied from an unpatented article could be made in some other way, that the design is "nonfunctional" and not essential to the use of either article, that the configuration of the article copied may have a "secondary meaning" which identifies the maker to the trade, or that there may be "confusion" among purchasers as to which article is which or as to who is the maker, may be relevant evidence in applying a State's law requiring such precautions as labeling; however, and regardless of the copier's motives, neither these facts nor any others can furnish a basis for imposing liability for or prohibiting the actual acts of copying and selling. [citing Kellogg Co. v. National Biscuit Co.]

In a more recent case, Bonito Boats v. Thunder Craft Boats, 489 U.S. 141, 109 S.Ct. 971, 103 L.Ed.2d (1989), the Court again addressed a state unfair competition law. The issue in Bonito Boats concerned a Florida law prohibiting the use of a direct molding process to copy unpatented boat hulls. In finding that this law was preempted, the Court reaffirmed the conclusion of Sears and Compco that "the efficient operation of the federal patent system depends upon substantially free trade in publicly known, unpatented design and utilitarian conceptions." 103 L.Ed.2d at 138. The Court noted that the patent laws encourage the creation and disclosure of advances in

technology and design by granting the exclusive right to practice such inventions for a limited period of years. The ultimate goal of the patent system is to bring new designs and technologies into the public domain through disclosure. Id. One consequence of this system is that individuals are generally free to copy any article that the patent law leaves in the public domain. Designs and utilitarian ideas that are not protected by a patent are generally in the public domain and may be "slavishly copied to the last detail." Because the restrictions in the Florida law were found to interfere with the strong federal policy favoring free competition in ideas which do not merit patent protection, the Court held that the state law was preempted.

At first glance, the three cases cited above would seem to say that Duracraft has a right under the federal patent laws to copy the spiral grill. A key distinction between those cases and the instant case, however, is that Vornado's claim of unfair competition is brought under a federal statute, 15 U.S.C. § 1125(a). Thus, the cornerstone of the Supreme Court's holding in Sears, Compco, and Bonito Boats -- federal preemption of state law -- is not present in this case. The Supreme Court has indicated that a federal law of unfair competition would implicate different interests from state laws. See Bonito Boats, 103 L.Ed.2d at 144 (In enacting the Lanham Act, Congress has given federal recognition to many of the concerns that underlie the state tort of unfair competition, and the application of Sears and Compco to nonfunctional aspects of a product which have been shown to identify source must take account of competing federal policies in this regard.) See also Compco,

376 U.S. at 238 (Defendant may copy a design that is "not entitled to a design patent or other federal statutory protection." (emphasis added)).

At least two circuit courts have addressed the issue of whether copying of an unpatented article can be prohibited under § 1125(a) in light of the Supreme Court's interpretation of the patent laws. In L.A. Gear, Inc. v. Thom McAn Shoe Co., 988 F.2d 1117 (Fed. Cir. 1993), the plaintiff alleged that the defendant's production of a shoe similar to its own was an infringement of trade dress under § 1125(a). The circuit court affirmed the district court's ruling that the configuration of the plaintiff's shoe was distinctive and nonfunctional and was eligible for trade dress protection. The court then addressed the issue of likelihood of confusion and whether the defendant's marketing of a similar shoe was a violation of § 1125. The Federal Circuit first noted that the Sears/Compco and Bonito Boats decisions could not be read as dealing only with preemption of state law because in each case the Court discussed and sought to balance the domains of patent and other forms of intellectual property. The circuit then turned to the relationship of § 1125(a) to these decisions and concluded:

> The 1988 amendment of § 43(a) [§ 1125(a)] codified in federal law the evolving common law of unfair competition with respect to trade dress, and "filled an important gap in federal unfair competition law." Senate Rep. No. 515, 100th Cong., 2d Sess. 40-41 (1988), reprinted in 1988 U.S.C.C.A.N. 5577, 5603. This step provided reassurance that protection

> of distinctive trade dress was not eliminated by Sears and Compco, by codifying the common law protection against confusion and deception.

Id. at 1131. Still, the court opined, it would exceed the Congressional purpose to interpret amended § 1125(a) as creating a new form of industrial design protection. Id. After considering the competing interests the court ultimately determined that copying the nonfunctional design of a product could be prohibited under § 1125(a) where the statutory requirement of likelihood of confusion was met, although the court found no likelihood of confusion under the particular facts of the case. Id. at 1132.

Similarly, in Kohler Co. v. Moen Inc., 1993 WL 515722 (7th Cir., Dec. 14, 1993), the Seventh Circuit addressed these issues and came to largely the same conclusion. Kohler dealt with an asserted trademark in a distinctively configured faucet handle. The court rejected the argument that granting trademark protection to this configuration was inconsistent with the Supreme Court's patent decisions and the federal policy against granting perpetual monopolies. The Seventh Circuit was of the view that patent and trademark are basically distinct areas of law which protect different interests, but that "any conflicts between the patent laws and the Lanham Act should be resolved by a careful application of traditional bases for determining the propriety of trademark protection such as likelihood of confusion, functionality, and distinctiveness." Id. at * 8. In support of this, the court relied on the Supreme Court's observation in Two Pesos that a

requirement that trade dress be nonfunctional was sufficient to assure that competition would not be unduly hindered:

> Suggestions that under the Fifth Circuit's law, the initial user of any shape or design would cut off competition from products of like design and shape are not persuasive. Only nonfunctional, distinctive trade dress is protected under § 43(a). The Fifth Circuit holds that a design is legally functional, and thus unprotectable, if it is one of a limited number of equally efficient options available to competitors and free competition would be unduly hindered by according the design trademark protection. [cite omitted] This serves to assure that competition will not be stifled by the exhaustion of a limited number of trade dresses.

Two Pesos, 120 L.Ed.2d at 627-28.

This court agrees that protection against copying nonfunctional trade dress under § 1125(a) is not necessarily inconsistent with the federal patent laws. It must be presumed that Congress was aware of these competing interests when it enacted the 1988 Trademark Law Revision Act and codified the view that § 1125(a) was broad enough to protect certain product configurations. Protection of trade dress, no less than of trademarks, serves the Lanham Act's purposes of securing to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers. Two Pesos, 120

L.Ed.2d at 627. Such protection fosters competition and the maintenance of quality by securing to the producer the benefits of good reputation. Id. The 1988 amendments to § 1125(a) must be taken as an indication that Congress decided to stand by these interests and tolerate whatever tension there is between them and the interests furthered by the patent laws. Cf. Bonito Boats, 103 L.Ed.2d at 144. Because statutes are to be construed, if possible, in harmony with the Constitution and with other applicable statutes, the court concludes that the "right to copy" is not an absolute one but is accompanied, as far as nonfunctional trade dress is concerned, by the obligation under § 1125(a) to avoid confusion, mistake or deception. Cf. L.A. Gear, 988 F.2d at 1132.

After considering all of the interests involved and the equities of this case, the court concludes that Vornado is entitled to injunctive relief.

Numerous factors weigh in Vornado's favor in determining whether the court should prevent a violation of § 1125(a) by prohibiting Duracraft from using the spiral grill in the DT-7. The spiral grill is a highly distinctive configuration that has a considerable capacity to identify the source of the fan on which it is used and to distinguish that product from others on the market. The design not only suggests something about the performance of the fan but is also suggestive of the name Vornado. Vornado invested time, effort, and money to develop the spiral grill. Prior to the development of the DT-7, Vornado fans were the only fan on the market to use such a grill; and the spiral

configuration came to be associated with the name Vornado by a significant number of consumers and by persons within the fan industry.

At the same time, the court is aware and has considered the factors that weigh against Vornado in this determination, such as the fact that Vornado has made numerous claims about the spiral grill that are inconsistent with its position in this case. It is clear that in the '324 patent Vornado claimed that the spiral configuration of the grill was functional. Vornado also at least suggests as much in its advertising. And although the evidence could not be said to have shown general acquiescence by others in Vornado's claims in the '324 patent, the patent apparently had at least some deterrent effect on three fan manufacturers. (There was no evidence, however, showing that Vornado's claims concerning the spiral configuration of the grill played any part in that deterrent effect.) In addition to these facts, the court has considered the circumstances surrounding Duracraft's adoption of a spiral grill and the fact that Duracraft could have in good faith believed that it had a right to copy the spiral grill because of limitations on the '324 patent. Because of those circumstances, among others, the court found that any relief granted should take into account the detrimental reliance of Duracraft upon representations made by Vornado and should also take into account the unexcusable delay by Vornado in bringing this suit. Although these factors are significant and weigh against the granting of an injunction, the court does not believe that they are sufficient reasons to allow Duracraft to continue using the spiral grill in the future.

There is no question that Duracraft adopted its spiral grill with knowledge that it was very similar in appearance to the Vornado spiral grill. Because of the circumstances and the distinctive nature of the spiral grill, Duracraft's use of a spiral grill in the DT-7 is likely to cause confusion as to whether there is some association, connection, or affiliation between Duracraft and Vornado or as to whether the DT-7 has been approved or sponsored by Vornado. The court is not persuaded that labeling of the products is sufficient to overcome this confusion. The court concludes that the appropriate remedy under the circumstances is an injunction prohibiting Duracraft from using the spiral grill in the DT-7. The court finds that such an order will further the objectives of the Lanham Act and § 1125(a) -- to secure to the owner of the mark the good will of his business and to protect the ability of consumers to distinguish among competing producers. Moreover, the order will not have an adverse effect on competition; it will not deprive the public of a beneficial technology; and it will not interfere with the incentives created by the patent scheme. Finally, the court finds based on the evidence that such an injunction will not result in undue harm to Duracraft. Although requiring Duracraft to use a different grill on the DT-7 will undoubtedly result in some added expense, the evidence indicated that the impact of such a change on Duracraft would not be unduly harsh and the court finds that such an order is justified in light of the confusion that is likely to result from Duracraft's use of a spiral grill. Duracraft is entitled under the circumstances to be allowed a reasonable time within which to make a change in the grill design of the DT-7 and to dispose of its inventory of fans with such a

grill. The evidence indicated that ninety days is a reasonable time in which to make such a change. Joint Exh. 2 at 2-41 through 2-44.

Count Three - Common Law Unfair Competition.

Count Three of the complaint alleges a claim under the common law of unfair competition. Duracraft contends that any claim under common law is preempted by federal law. Inasmuch as Vornado has not argued that its common law claim differs in any respect from the claim under § 1125(a), the court need not address the preemption issue because the relief to which Vornado is entitled under common law, if any, would be identical to that which it is entitled under § 1125(a).

Conclusion.

Pursuant to 15 U.S.C. §§ 1125 and 1116, Vornado is entitled to injunctive relief to prevent a future violation of § 1125(a) by Duracraft.

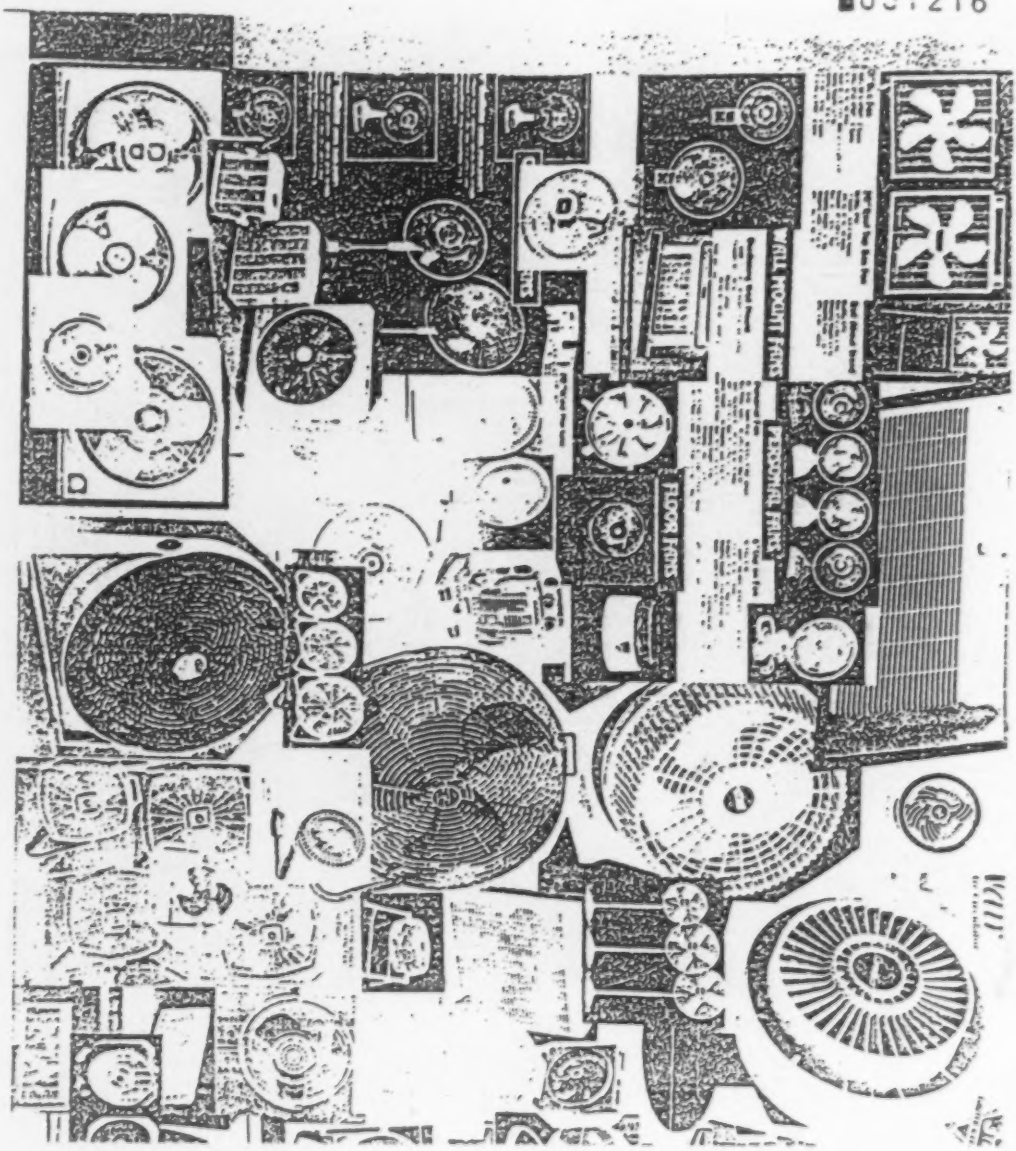
IT IS THEREFORE BY THE COURT ORDERED THAT beginning ninety (90) days from the date this order is entered, the defendant Duracraft Corporation shall be enjoined from selling or distributing in any manner in the United States any DT-7 fan containing a spiral grill design of a type that has been determined in this action to violate plaintiff's right to protection under the Lanham Act. Each party shall bear its own costs.

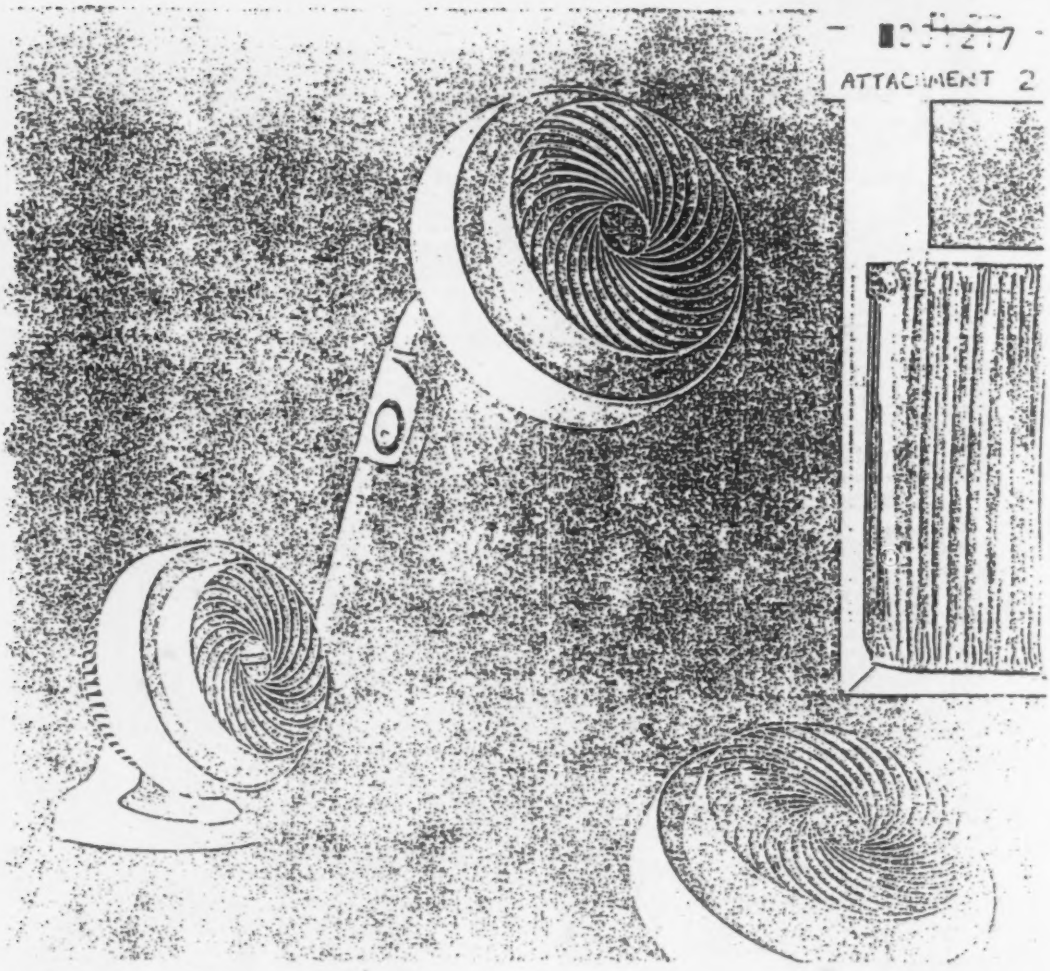
IT IS SO ORDERED. This 4th day of March, 1994, at Wichita, Kansas.

Wesley E. Brown, U.S. District Senior Judge

ATTACHMENT 1

001216

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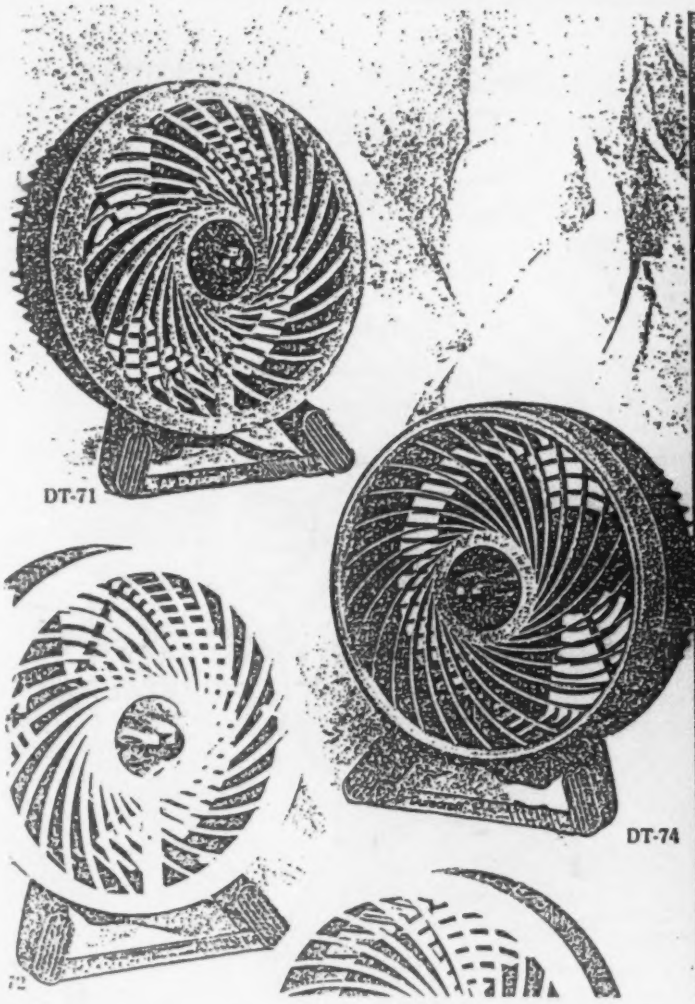


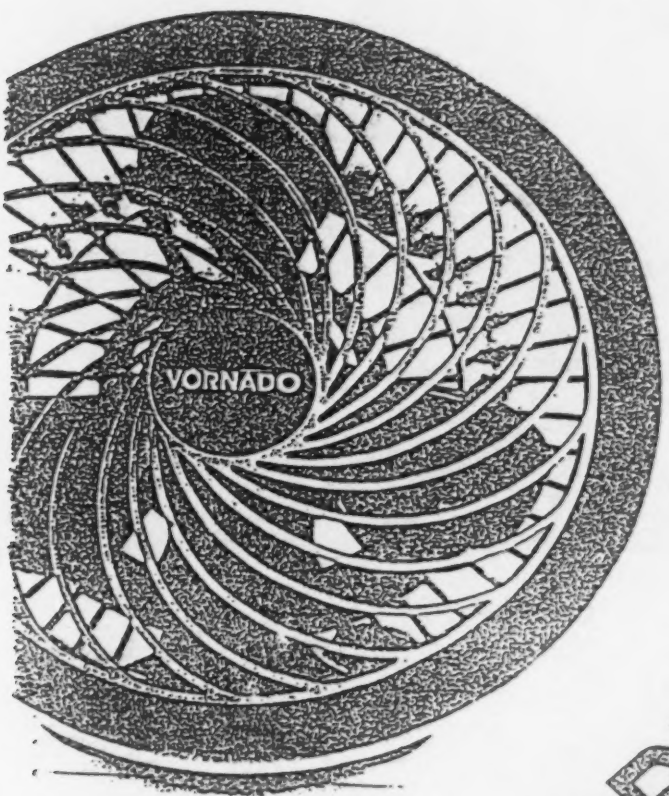
001218
ATTACHMENT 3

Our new turbos are ready to take off!

It may look like a jet engine. But the Air Duracraft™ is actually extremely quiet. This colorful, compact model blows more air than other fans of its kind. Decorator neutral tones fit beautifully into any room. Kids will love the bright greens. Perfect for the office, the kids'

ATTACHMENT 4

[redacted]001219



NOW
COMPACT
VORNADO
PERFORMANCE

VORNADO compact
AIR CIRCULATOR

ATTACHMENT 5

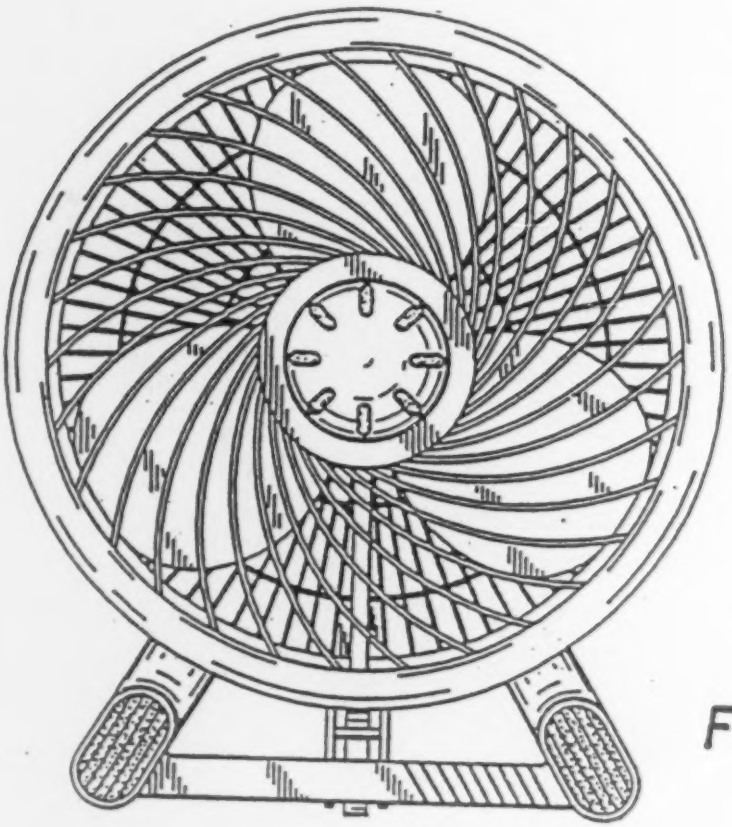


FIG. 3

Supreme Court, U.S.
FILED
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No. 95-524

IN THE

Supreme Court of the United States

OCTOBER TERM, 1995

VORNADO AIR CIRCULATION SYSTEMS, INC.,

Petitioner,

—against—

DURACRAFT CORPORATION,

Respondent.

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE TENTH CIRCUIT

BRIEF IN OPPOSITION

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34 pp

QUESTION PRESENTED

Petitioner was issued a U.S. utility patent on "a new and improved front grill and duct structure which increases the fan's capacity and efficiency while decreasing its sound over the prior art grills or no grills at all." The Petitioner's patent expressly claimed "a circular grill having . . . a series of arcuate shaped ribs" whose design, Petitioner represented, "provides an optimum flow of air at a standard power usage."

In the litigation below, the Petitioner attempted to characterize the "arcuate shaped ribs" disclosed and claimed in Petitioner's patent as "trade dress" whose use assertedly could be controlled and enjoined under 15 U.S.C. § 1125(a), regardless of the scope or duration of the claims in the Petitioner's patent. The Court of Appeals entered judgment dismissing Petitioner's "trade dress" claim, holding that the vane structure disclosed and claimed in Petitioner's utility patent was not a type of "nonfunctional configuration of goods" that could properly receive "trade dress" protection under applicable decisions of this Court.

The question presented is whether the Court of Appeals was correct in its holding that: "where a disputed product configuration is part of a claim in a utility patent, and the configuration is a described, significant inventive aspect of the invention, *see* 35 U.S.C. § 112, so that without it the invention could not fairly be said to be the same invention, patent law prevents its protection as trade dress, even if the configuration is nonfunctional" (58 F.3d at 1510).

STATEMENT PURSUANT TO RULE 29.6

Duracraft Corporation ("Duracraft") has no parent companies or nonwholly owned subsidiaries.

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Dabney, State Law Protection of Intellectual Creations: Privacy and Preemption, 38 Syracuse L. Rev. 653, 663 (1987) 20

No. 95-524

IN THE

Supreme Court of the United States

OCTOBER TERM, 1995

VORNADO AIR CIRCULATION SYSTEMS, INC.,

Petitioner,

—against—

DURACRAFT CORPORATION,

Respondent.

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE TENTH CIRCUIT

BRIEF IN OPPOSITION

The Respondent, Duracraft Corporation ("Duracraft"), respectfully requests that this Court deny the petition for writ of certiorari seeking review of the Tenth Circuit's decision in this case. Duracraft has already been put to unconscionable burden and expense defending this meritless lawsuit in which the Petitioner seeks to overturn a century's worth of this Court's decisions.

OPINIONS BELOW

The Tenth Circuit's opinion is reported at 58 F.3d 1498 (1995). The District Court's unreported opinions were issued June 20, 1994 (R.1600)[1] and March 4, 1994 (R.1221). The petition for certiorari fails to mention or include the District Court's June 20, 1994 opinion which found that Petitioner had "made inconsistent representations concerning the spiral grill" (R.1605).

STATEMENT OF THE CASE

Duracraft manufactures and sells electric fans and other DURACRAFT® brand household products (R.1616). Duracraft is the owner of U.S. Reg. No. 1,619,729 for the trademark DURACRAFT®, U.S. Reg. No. 1,648,066 for the trademark IDEAS BUILT TO LAST®, U.S. Reg. No. 1,755,135 for the trademark AIR DURACRAFT®, and numerous other trademark registrations and applications covering consumer household products (R.2111-25).

Since August 1990 (R.241-42), Duracraft has sold a household fan known as the DURACRAFT® Model DT-7 "Turbo Fan" (R.2395-2406). The DT-7 "Turbo Fan" incorporates an original and innovative design on which Duracraft was awarded U.S. Design Patent No. 323,708 (the "'708 Patent"), Figure 1 of which is reprinted below (R.1675-8):

U.S. Patent [illegible] Dec. 323,708

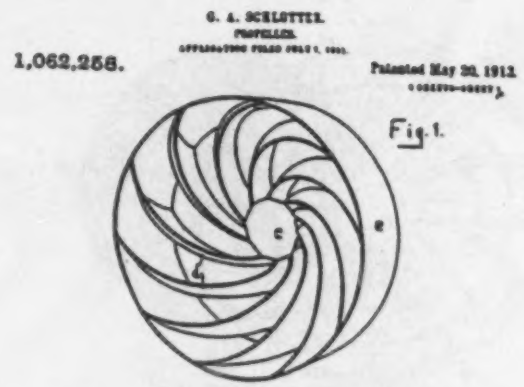
FIG. 1

---

[1] As used in this Brief, references in the form "R.----" are to the record filed with the Court of Appeals.

In the four-year period ending June 15, 1994, Duracraft sold more than 2.2 million DURACRAFT® "Turbo Fan" units yielding net sales revenues of some $14.55 million (R.1610), not one dollar of which was proved at trial to have resulted from any supposed "confusion" of purchasers.[2] The fans were sold under Duracraft registered trademarks (R.2111-13, R.2395) and in packaging which the District Court found "bears little or no similarity to" that used by the Petitioner (R.1190; *compare* R.2391-94 *with* R.2395-99).

The complaint in this case concerns Duracraft's use of an 80-year-old technology (*see* 58 F.3d at 1500), exemplified by expired U.S. Patent No. 1,062,258 issued May 20, 1913, to G.A. Schlotter (R.1358), depicted below:



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[2] Petitioner's repeated suggestions that the DURACRAFT® Model DT-7 "Turbo Fan" was proved to have "confused" purchasers (e.g., Pet. at i) are unsupported and untrue.

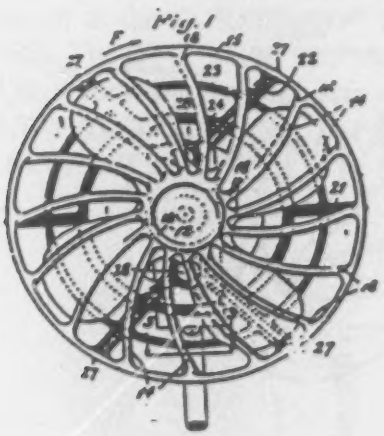
Axial flow fans[3] have a well-known tendency to waste energy by causing air to move, not just axially in the desired direction, but also tangentially or perpendicular to the axis of rotation (R.2199-2004, R.991-94, R.1002-03). Designers of axial flow fans have thus long used ducts and fixed vane structures to capture energy in air moving away from an axial flow fan's axis and to convert that energy into useful axial air flow (R.2199-2204, R.2133-43, R.1003-05).

It has long been known that curved or "arcuate" vanes add energy to the low velocity core of a jet produced by an axial flow propeller, and thereby provide a more compact jet with higher axial velocity and lower rotation than conventional straight vanes (R.1358, R.2004). This technology was applied to a household fan guard by not later than 1936 (*see* 58 F.3d at 1500), as shown in expired U.S. Patent No. 2,110,994 to J.H. Cohen, depicted below (R.2137):

Nov. 30, 1937. J. H. COHEN 2,100,994

FAN GUARD

Filed Feb. 6, 1935



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[3] An "axial flow" fan is one that propels air in the direction of the *axis* around which the propeller is rotating. *See* R. Wallis, *Axial Flow Fans and Ducts* (1993). Axial flow fans may be contrasted with "centrifugal" or "cross flow" fans in which air is propelled in a direction perpendicular to the fan's axis.

The Vornado Improvement Patents

In or about 1987, assignors of the Petitioner ("Vornado")[4] developed "a new and improved front grill and duct structure which increases the fan's capacity and efficiency while decreasing its sound over the prior art grills or no grills at all" (R.1241). Petitioner's assignors applied for and received two U.S. utility patents on this invention, U.S. Pat. No. 4,927,324 issued May 22, 1990 (the "'324 Patent"; R.1714-22), and U.S. Patent No. Re. 34,551 issued February 22, 1994 (the "'551 Patent"; R.1231-43). The latter patent contains "additional and broader claims concerning the grill than were stated in the '324 Patent" (R.1605; *see* 58 F.3d at 1510).

Figure 3 of the '324 Patent (R.1716) sets forth "the best mode contemplated by the inventor of carrying out his invention," 35 U.S.C. § 112 ¶ 1, as follows:

U.S. Patent May 22, 1990 Sheet 2 of 5 4,927,324

FIG 3

---

[4] The Petitioner is unrelated to the original user of the VORNADO name, O.A. Sutton Corp. ("O.A. Sutton"), which made and sold VORNADO fans between 1945 and 1959 (R.1882).

With reference specifically to the "curved ribs 84," depicted above, the '324 Patent recites:

> The longer length curved ribs 84, as compared with a conventional straight rib, provides a less rigid grill structure which can be desirable under certain circumstances such as impact shocks. In viewing Fig. 5, the fan blades not shown move in a clockwise direction from left to right, while the grill ribs 84 curve to the left from the center in the opposite direction which provides an optimum flow of air at a standard power usage (R.1721 col. 3, ll. 21-30).

Petitioner's contribution to the stator vane art lies not in the use of curved vanes per se, but in moving the point of maximum lateral spacing between curved vanes inboard from the outer radius of a grill structure, so that the point of maximum spacing between vanes was located at the impeller blade's point of maximum power (*see* 58 F.3d at 1500). The '324 Patent explains (R.1721, col. 3, ll. 15-21):

> The maximum lateral spacing between any pair of ribs 84 is inwardly from the outer radius 86 of the grill at a point approximate dimension X, as shown in FIG. 5. The impeller blade's point of maximum power is located at approximately 0.6 times its radius. This places the maximum power in a region of the grill wherein the rib spacing is at its maximum.

Because prior art vane structures, such as those disclosed in the Cohen and Schlotter patents depicted above, taught that use of arcuate vanes improved the efficiency of axial flow fans, Petitioner was required to "limit" its patent claims so as to leave the public – including Duracraft – free to practice the technology taught in the prior art. Each of the claims in Vornado's '324 and '551 Patents drawn to "arcuate shaped ribs" was accordingly "limited" to vane structures whose "maximum lateral spacing is inboard from said outer radius" (R.1721, col. 4, ll. 3-4; R.1722, col. 5 ll. 26-28).

Claim 11 of Petitioner's '551 Patent is representative and recites, in very precise language, the extent of Vornado's rights in the vane structure disclosed in that patent:

> *a circular grill having* an outer radius attached to the discharge end of the inner cowling, the grill including a center hub and *a series of arcuate shaped ribs* extending outwardly from the hub and *curving in the opposite direction of rotation* from said blades to said outer radius, and each rib being equally spaced from each other around the hub, the *maximum lateral spacing between the ribs is inboard from said outer radius* (R.1243 col. 5, ll. 27-36) (emphasis added).

The Patented AirTensity™ Grill

Since late 1988, Petitioner has manufactured and sold VORNADO® brand fans which precisely embody the invention of Petitioner's '324 and '551 Patents (*compare* R.1234 *with* R.2844). The front grill structure of VORNADO® fans has been heavily advertised as being the "Patented AirTensity™ Grill" (*e.g.*, R.2390), as being "[a] true achievement in aerodynamic efficiency" (R.1977), as being "the result of determinant ergonomic design" (R.1831), and as being "[u]niquely functional" (R.1838).

Following are typical advertising statements which Petitioner made prior to this litigation concerning the "Patented AirTensity™ Grill":

> Another example of how every design aspect enhances performance is the grill. Most grills are designed merely to meet federal safety requirements. While providing necessary protection, they also impede the flow of air. Vornado's engineers took the time and effort to solve that design problem. *Their patent-pending AirTensity grill* doesn't just

meet safety standards, it *actually amplifies the vortex for better, more efficient operation* (R.1936).

* * *

While the deep pitch propeller forces large volumes of air, *the patented AirTensity grill precisely focuses the air stream. A true achievement in aerodynamic efficiency, the AirTensity grill is specifically designed to amplify and enhance the naturally occurring vortex* created by the propeller (R.1977).

* * *

This unique design is intended to meet all applicable safety requirements while *minimizing the negative effect of placing a restriction over the air outlet.* The grill is designed to amplify and reinforce the naturally occurring vortex created by the propeller, so no energy is lost in "redirecting air." Again, the purpose is to circulate air, so *Vornado engineered a way to enhance what in other designs is a built-in performance flaw.* The result is a powerful, smooth, quiet vortex (R.1967).

* * *

Perhaps one of the most unique elements of the Vornado is *the patented Air Tensity™ grill. This feature is not "window dressing".* Vornado's anti-clockwise grill design, (relative to propeller spin), slows the rotation of the vortex created by the propeller. *This allows for deeper penetration of the air stream into the room* and, ultimately, thorough circulation of room air (R.1804, 796-98).

* * *

The AirTensity Grill accomplishes a high degree of safety and functionality. The grill design enhances vortex action of the Vornado by slowing rotation of the vortex. The result is a deep penetrating 'beam' of air which excites all the room air into motion and creates complete air circulation" (R.1825).

* * *

An integral part of the total air circulation system and the result of determinate ergonomic design, *the AirTensity Grill accomplishes a high degree of safety and functionality without introducing aerodynamic drag* (R.2003).

Vornado's Shift of Positions

Petitioner commenced this action on November 6, 1992, complaining that Duracraft had "intentionally copied plaintiff's grill design" (R.6), and that the arcuate vanes used in the DURACRAFT® Model DT-7 "Turbo Fan" assertedly constituted "plaintiff's grill design" (R.4). Petitioner knew, however, that the accused vane structure did not infringe any patents held by Vornado on the "Patented AirTensity™ Grill." The DURACRAFT® Model DT-7 "Turbo Fan" does *not* incorporate Vornado's inboard lateral spacing idea, and in fact, had been specifically designed around that limitation (R.223, R.227-28) – conduct which the District Court found was both "reasonable" (R.1188) and "good faith" (R.1155).[5]

To overcome the limitations in its utility patents on the "Patented AirTensity™ Grill," the Petitioner simply, in the District

---

[5] In addition to its utility patents on the functional features of VORNADO® fans, Vornado also holds a design patent on the overall configuration of VORNADO® fans (R.1723). Vornado made no claim of design patent infringement in the District Court – which is not surprising, since "[t]he overall configuration of the DT-7 differs from any Vornado fan" (R.1190).

Court's words, "changed its position" for purposes of this litigation (R.1184). Petitioner's complaint asserted that the curved vanes used in the "Patented AirTensity Grill" were "nonfunctional" "trade dress" (R.5) whose use assertedly could be enjoined under 15 U.S.C. § 1125(a), regardless of the scope or duration of the claims in Vornado's utility patents directed to the exact same subject matter.

The District Court frankly acknowledged that Petitioner's "trade dress" claim was questionable and unusual:

> Clearly, Vornado formerly claimed that the spiral grill was functional but has now changed its position and is claiming that the grill is non-functional (R.1184).
>
> The '551 patent reinforces the court's finding that Vornado has made inconsistent representations concerning the spiral grill. . . . It is enough to say that in the court's view Vornado has represented - and continues to represent - in connection with its patent applications that the spiral grill has functional characteristics that are *superior* to prior art grills. Such representations are inconsistent with Vornado's position in this case; indeed, they are inimical to the assertion that the spiral grill is nonfunctional for purposes of trade dress protection (R.1605) (emphasis in original).

The unusual character of Petitioner's "trade dress" claim was underscored by its conduct prior to and during this litigation.

Vornado's Inexcusable and Inequitable Conduct

The District Court found that: "Vornado learned of the existence of the DT-7 in January of 1991" (R.1200). "Despite this knowledge, Vornado took no steps to notify Duracraft that the DT-7 infringed on Vornado's alleged trade dress until this suit was filed on

November 6, 1992" (R.1200). "This delay was inexcusable" (R.1200).

Between January 1991 and November 1992, Duracraft successfully marketed the "Turbo Fan" to major U.S. retailers including K-Mart, Sears, Target, Payless, Walgreen's, Menard's, Lowe's, Builder's Square, Service Merchandise, and numerous others (R.1707-13). During this period Duracraft had "no notice whatsoever of Vornado's contention that the spiral grill could not be freely copied" (R.1202).[6]

The District Court continued: "By the time Vornado got around to notifying Duracraft that it was claiming the spiral grill as a protected trade dress, Duracraft had sold nearly one million DT-7 model fans in the United States" (R.1200). Vornado then let another full selling season go by, 1992-93, without seeking any interlocutory relief. By August 31, 1993, Duracraft had sold more than 1.7 million "Turbo Fan" units producing net sales revenues of more than $11.53 million (R.2132).

On September 8, 1993, the day before a scheduled settlement conference, Vornado moved for a preliminary injunction against any further sales of the "Turbo Fan" during the 1993-94 season. That motion was not granted; instead, the District Court advanced and held a plenary bench trial between October 18 and 22, 1993. The parties submitted proposed findings of fact and conclusions of law in November and December 1993, and made closing arguments to the District Court on January 24, 1994.

---

[6] During the period of its delay in instituting this suit, Vornado quietly applied for (R.1843) and obtained U.S. trademark registration of a two-dimensional symbol (R.1840) that Vornado had started printing on shipping cartons in 1991 (*e.g.*, R.1845, R.2362). Vornado's principal claim in the District Court was that the accused vane structure infringed this registered trademark (R.2-4). The District Court not only rejected this claim on the merits (R.1165-68), but found that Vornado's trademark application "suffered from a lack of candor" (R.1168). Vornado did not appeal from the dismissal of its registered trademark claim.

The District Court's Decision

On March 4, 1994, the District Court rendered a 71-page Memorandum and Order which concluded, after extended analysis, that Vornado was entitled to certain prospective injunctive relief under 15 U.S.C. § 1125(a). The District Court repeatedly acknowledged, however, that the plaintiff's right to relief was not clear, and that "even after the institution of suit, . . . because of Vornado's claims in the '324 Patent it was reasonable for Duracraft to continue using the spiral grill until such time as this court could make a determination as to whether or not the grill was a protected trade dress" (R.1202).

The District Court found that Duracraft had at all times acted in "good faith" (R.1203). "It is clear," the District Court found, "that in the '324 Patent Vornado claimed that the spiral configuration of the grill was functional" (R.1212). The District Court found that Duracraft designed the DT-7 "based on a good faith belief that the grill design was, as a matter of law, part of the public domain" (R.1155). The District Court found that Duracraft "did indeed rely on the '324 Patent and . . . that it was reasonable to do so" (R.1188). "Duracraft," the District Court found, "cannot be said to have acted with a bad or wrongful motive when it adopted the spiral grill" (R.1192).

The District Court further found that Vornado was "guilty of laches" (R.1200) and had otherwise acted inequitably (R.1168). The District Court rejected all of Vornado's prayers for monetary relief or costs. The District Court further ordered that all 1.7 million "Turbo Fans" sold through the time of trial could remain in the field and that Duracraft was entitled to continue selling the "Turbo Fan" in its current form through at least June 15, 1994. The District Court, in short, let stand an environment in which, over a period of four years, some 2.2 million "Turbo Fan" units had been sold and delivered – many times the number of VORNADO® "Air Circulator" products sold during the same period.

Despite this existing reality, the District Court ordered Duracraft to re-design or else discontinue selling the Model DT-7 "Turbo Fan" after June 15, 1994, on the supposed authority of 15 U.S.C. § 1125(a). The District Court entered this injunction notwithstanding that the accused vane structure was in the public domain under long-expired patents (R.2133-40) and under claim limitations in existing patents which this very Petitioner held on the so-called "trade dress" in suit (R.1714-22, R.1231-43).

The District Court appeared to assume that 15 U.S.C. § 1125(a) encompassed and regulated use of any and every type of product configuration, regardless of the standards or requirements of federal patent law. Under the District Court's approach (which Petitioner now urges upon this Court), no one can practice the subject matter of an expired patent unless they are prepared to bear the burden of proving[7] to a jury, as a fact, that use of structures disclosed in an expired patent is a matter of competitive survival in some undefined market.[8]

The Stay Pending Appeal

The District Court stayed enforcement of its prospective injunction so as to allow Duracraft to seek a stay pending appeal (R.1596, R.1598). On July 5, 1994, Duracraft moved for a stay pending appeal, which motion the Court of Appeals granted by Order entered July 12, 1994. The stay remained in effect throughout the pendency of Duracraft's appeal.

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7 The Tenth Circuit considers "functionality" to be in the nature of an affirmative defense to infringement (58 F.3d at 1503 & n.10).

8 The DURACRAFT® Model DT-7 "Turbo Fan" is not competitive with any VORNADO® "Air Circulator" product sold by Petitioner. The District Court found that the products are "sold predominantly in different outlets" and "there is a large price disparity between the DT-7 and even the least expensive Vornado fan" (R.1193, 1190).

The Decision of the Court of Appeals

On July 5, 1995, the Tenth Circuit reversed the District Court's judgment and entered judgment for Duracraft, with costs. The Tenth Circuit held that, while "certain nonfunctional configurations of goods" could receive "trade dress" protection under 15 U.S.C. § 1125(a), the particular configuration claimed by this Petitioner was ineligible for such protection.

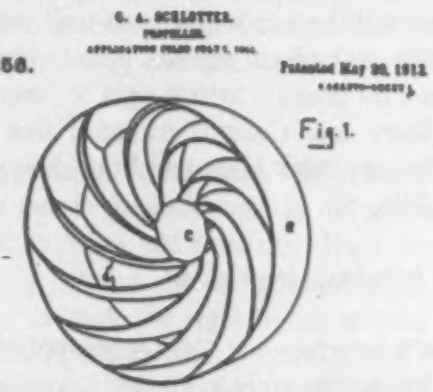
The Tenth Circuit began by observing that the so-called "trade dress" claimed by Petitioner was a "significant inventive component of an invention covered by a utility patent" (58 F.3d at 1500), and moreover, "was not patentable by itself because a spiral grill per se was already in the public domain" under long-expired patents (*id.*). Duracraft had designed around the Petitioner's patents and was using the accused vane structure for one of its designed purposes: a fan grill.

The Petitioner's "trade dress" claim thus collided head-on with a century's worth of this Court's decisions holding that:

> It is self evident that on the expiration of a patent the monopoly created by it ceases to exist, and the right to make the thing formerly covered by the patent *becomes public property*. It is upon this condition that the patent is granted. It follows, as a matter of course, that on the termination of the patent *there passes to the public* the right to make the machine in the form in which it was constructed during the patent.

Singer Mfg. Co. v. *June Mfg. Co.*, 163 U.S. 169, 185 (1896) (emphasis added); *accord Bonito Boats, Inc.* v. *Thunder Craft Boats, Inc.*, 489 U.S. 141, 152 (1989); *Sears, Roebuck & Co.* v. *Stiffel Co.*, 376 U.S. 225, 231 (1964); *Compco Corp.* v. *Day-Brite Lighting, Inc.*, 376 U.S. 234, 237 (1964); *Kellogg Co.* v. *National Biscuit Co.*, 305 U.S. 111, 119-20 (1938).

The Tenth Circuit cited "expired U.S. Patent No. 1,062,258, a utility patent issued May 20, 1913, to G.A. Schlotter" (58 F.3d at 1500), Figure 1 of which is depicted below:



Under federal patent law, the right to make and sell vane structures having the design depicted above, and obvious variations thereof, "passe[d] to the free use of the public" more than 60 years ago. *Bonito Boats*, 489 U.S. at 152. It did so, not because some litigant proved that the design was "functional,"[9] but automatically by operation of federal patent law, the "ultimate goal" of which is "to bring new designs and technologies into the public domain through disclosure." *Id.* at 151. Knowledge taught in an expired patent "'enures to the people, who are thus enabled *without restriction* to practice it and profit by its use.'" *Id.* (quoting *United States* v. *Dubilier Condenser Corp.*, 289 U.S. 178, 187 (1933) (emphasis added)).

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[9] The Tenth Circuit aptly observed, "[T]he inventor's supply of ideas itself and freedom to experiment with them might diminish if the inventor had to do a competitive market analysis before adopting useful features from others' inventions once their patents expired" (58 F.3d at 1508).

This Court in *Bonito Boats* specifically rejected the view of federal patent law put forward by Petitioner here, and held, with emphasis, that:

> [f]or almost 100 years it has been well established that in the case of an expired patent, the federal patent laws *do* create a federal right to "copy and to use." *Sears* and *Compco* extended that rule to potentially patentable ideas which are fully exposed to the public.

489 U.S. at 165 (emphasis in original).

Petitioner's assertion that "'the public policy involved in this area of the law [is], not the *right* to slavishly copy articles which are not protected by patent or copyright, but the *need* to copy those articles,'" (Pet. at 23-24 (quoting *In re Morton-Norwich Prods., Inc.*, 671 F.2d 1332, 1339 (C.C.P.A. 1982) (emphasis in original)), is directly contrary to this Court's holding in *Bonito Boats* quoted above, and is based in case law which *Bonito Boats* expressly discredited.[10]

Bonito Boats was merely the latest in a series of this Court's decisions rejecting claims very similar to Vornado's. In *Sears*, the plaintiff had "secured design and mechanical patents on a 'pole lamp'" and had then sought "trade dress" protection for the exact same mechanical configuration after the patents were held invalid. 376 U.S. at 225-26. The Court in *Sears* rejected this claim, holding: "An unpatentable article, like an article on which the patent has

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[10] Prior to *Bonito Boats*, the C.C.P.A.'s successor court had held that "the patent laws 'say nothing about the right to copy or the right to use, they speak only in terms of the right to exclude.'" *Interpart Corp.* v. *Italia*, 777 F.2d 678, 685 (Fed. Cir. 1985) (citation omitted), *overruled by Bonito Boats*, 489 U.S. at 163-65. This Court characterized the Federal Circuit's view as "puzzling" and expressly rejected it. 489 U.S. at 165. Vornado's petition rests on the same erroneous interpretation of federal patent law which this Court rejected in *Bonito Boats*.

expired, is in the public domain and may be made and sold by whoever chooses to do so." 376 U.S. at 231. The same reasoning was applied in *Compco*, where the plaintiff sought "trade dress" protection for the configuration of a lighting fixture on which the plaintiff had procured a design patent that was held invalid. 376 U.S. at 234-35. That claim, too, was held barred by federal patent law. *Id.* at 238.

Vornado's so-called "trade dress" claim in this case conflicted with federal patent law in the same way as did the judgments which this Court reversed in *Sears* and *Compco*. Here Vornado had been able to obtain only narrow patent protection on the "Patented AirTensity™ Grill," because the right to use arcuate vanes on axial flow fans had "passe[d] to the public," *Sears*, 376 U.S. at 230, under long-expired patents. All that Vornado could claim was the use of arcuate vanes whose "maximum lateral spacing between the ribs is inboard from said outer radius" (R.1243, col. 5, ll. 33-35).

"The federal patent scheme provides a basis for the public to ascertain the status of the intellectual property embodied in any article in general circulation." *Bonito Boats*, 489 U.S. at 161. The system here worked precisely as intended: Duracraft ascertained the status of the intellectual property embodied in the "Patented AirTensity™ Grill" as set forth in Vornado's '324 Patent, and designed the accused vane structure in "reasonable" and "good faith" reliance on the claims in that patent (R.1188, R.1155).

By its "trade dress" complaint in this case, Vornado attempted to repudiate the terms of its own patents (R.1192-94, R.1212, R.1605) and establish that the "status" of the intellectual property embodied in the "Patented AirTensity™ Grill" was the opposite of what Vornado's utility patents stated. Vornado sought, not just a "significant restraint," *Bonito Boats*, 489 U.S. at 156, but a total and permanent prohibition on use of a mechanical structure which federal patent law says "may be made and sold by whoever chooses to do so," *Sears*, 376 U.S. at 231.

The Tenth Circuit carefully considered Petitioner's argument that Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a),

authorizes issuance of injunction against making and using structures disclosed in expired patents, so long as the label "trade dress" is used to describe the subject matter of the injunction. The Court of Appeals acknowledged that *some* "'nonfunctional configurations of goods'" (58 F.3d 1506) might "act as a symbol that distinguishes a firm's goods and identifies their source, without serving any other significant function," *Qualitex Co.* v. *Jacobson Products Co.*, 115 S. Ct. 1300, 1304 (1995) (*see* 58 F.3d. at 1506-07). However, the court concluded that whatever value the "Patented AirTensity™ Grill" might have as a "brand identifier" was outweighed by its value as a product feature:

> [I]f one of the ways to configure the product itself has been deemed important enough to the advance of technology for the government to grant a utility patent, we must find its value as a product feature to exceed its value as a brand identifier in all but the most unusual cases (58 F.3d at 1510).

Here the Petitioner presented no evidence, and the District Court made no finding, that "the *primary* significance of the design in the consumer's mind was as a brand identifier, rather than as a grill type" (58 F.3d at 1502 n.7 (emphasis added)). This failure of proof would have been fatal to the Petitioner's "trade dress" claim, even if bona fide trademark subject matter had been involved. *See Knitwaves Inc.* v. *Lollytogs Ltd.*, 1995 U.S. App. LEXIS 31942, at *36 (2d Cir. Nov. 13, 1995) (finding that to be eligible for protection under Section 43(a), product configuration must "'serve primarily as a designator of origin'" (citation omitted)); *Thomas & Betts Corp.* v. *Panduit Corp.*, 65 F.3d 654, 658 (7th Cir. 1995) (stating that to be eligible for protection under Section 43(a), a "product feature's primary significance to consumers" must be "as an identifier of source or [ ] an element which contributes to the inherent appeal of the product"); *Duraco Prods., Inc.* v. *Joy Plastic Enters., Ltd.*, 40 F.3d 1431, 1451 (3d Cir. 1994) (holding that to be eligible for protection under Section 43(a), a configuration must be "primarily source-designating").

There was, however, an even more fundamental defect in Petitioner's claim: the "Patented AirTensity™ Grill" failed to meet the basic definition of a "trademark." The grill structure was not a mere "symbol" used "on" or "in connection with" goods sold by Petitioner, *see* 15 U.S.C. §§ 1125(a), 1127, but was an integral and inseparable part of the goods, without which "the Vornado fan would not be the same fan that it is" (58 F.3d at 1503). By definition, a trademark or "trade dress" used "on" or "in connection with" goods must be capable of being taken "off" while leaving the goods intact.

"It is for Congress to determine if the present system of design and utility patents is ineffectual in promoting the useful arts in the context of industrial design." *Bonito Boats*, 489 U.S. at 168. The Tenth Circuit in this case correctly and properly declined "to undermine Congress' repeated determinations not to afford virtually perpetual protection to product configurations with an expansive construction of section 43(a)." *Duraco*, 40 F.3d at 1447.

Duracraft in this case was accused of doing nothing more than that which this Court, in an unbroken line of decisions dating to 1896, has held is both expressly permitted and indeed is the "ultimate goal" of federal patent law: making and selling goods which incorporate a "design" for whose free use, today, the public long ago paid the price of a patent.

REASONS FOR DENYING THE PETITION

This case involves highly unusual facts which are unlikely ever to occur again. Duracraft is aware of no prior case, and Petitioner cites none, in which a patentee attempted to claim "trade dress" protection for a mechanical structure whose exact shape had been represented to be "optimum" (R.1721), disclosed (R.1716, 1718), and claimed (e.g., R.1722) in a U.S. utility patent, with the purported result that the patentee claimed a right to block off use of the patented structure beyond the scope of its patent, and forever.

The holding of the Tenth Circuit was a narrow one. The Tenth Circuit expressly declined to rule broadly on whether "every useful or potentially patentable product configuration is excluded from

trade dress protection" (58 F.3d at 1503 (footnote omitted)), or whether "utility patents should be viewed differently than design patents" (*id.* at 1503 n.11).

The decision below deals solely with a patentee's bad faith attempt to avoid claim limitations through misuse of federal trademark law. The Petitioner attempted to enjoin Duracraft's use of the accused vane structure on the basis of a federal trademark registration which Petitioner procured by means which the District Court found "suffered from a lack of candor" (R. 1168). The Petitioner's "trade dress" claim was a back-up to a state law "unfair competition" claim which even Petitioner concedes was barred by federal patent law.

The decision of the Tenth Circuit does not conflict with that of any other Court of Appeals and merely applies the decisions of this Court to the unique facts of the present case.

I. THE DECISION BELOW FOLLOWS AND CORRECTLY APPLIES THIS COURT'S DECISIONS.

In *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964), and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964), this Court announced a "federal policy, found in Art. I, § 8, cl. 8, of the Constitution and in the implementing federal statutes, of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain." *Compco*, 376 U.S. at 237, *quoted in Bonito Boats*, 489 U.S. at 153.

"[T]he operative principle of *Sears* and *Compco* is a federal law concept of 'public domain.'" Dabney, *State Law Protection of Intellectual Creations: Privacy and Preemption*, 38 Syracuse L. Rev. 653, 663 (1987). Product designs in the public domain can be "copied in every detail by whoever pleases," *Compco*, 376 U.S. at 238, and "made and sold by whoever chooses to do so," *Sears*, 376 U.S. at 231, *quoted in Bonito Boats*, 489 U.S. at 153.

Prior to *Sears* and *Compco*, it had long been the law that a patentee could not extend its monopoly "by resorting to the trademark

law and registering as a trademark any particular descriptive matter appearing in the specifications, drawings or claims of [an] expired patent, whether or not such matter describes essential elements of the invention or claims." *Scott Paper Co. v. Marcalus Mfg. Co.*, 326 U.S. 249, 256 (1945); *see Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 117-20 (1938). "*Sears* and *Compco* extended that rule to potentially patentable ideas which are fully exposed to the public." *Bonito Boats*, 489 U.S. at 165.

Bonito Boats reaffirmed the "'strong federal policy favoring free competition in ideas which do not merit patent protection,'" 489 U.S. at 168 (quoting *Lear, Inc. v. Adkins*, 395 U.S. 653, 656 (1969)), and restated the *Sears-Compco* doctrine as follows:

> [I]deas once placed before the public without the protection of a valid patent are subject to appropriation *without significant restraint*.
>
> At the heart of *Sears* and *Compco* is the conclusion that the efficient operation of the federal patent system depends upon *substantially free trade in publicly known, unpatented design and utilitarian conceptions*.

489 U.S. at 156 (emphasis added).

Vornado asserted two "unfair competition" claims in the District Court: one arising under "common law" (R.6) and one arising under 15 U.S.C. § 1125(a) (R.4). The District Court concluded that the substance of these two claims was "identical" (R.1214).

Vornado effectively concedes that its state law "unfair competition" claim was and is barred under federal patent law, as most recently expounded in *Bonito Boats*. Yet Vornado argues that the reasoning of *Bonito Boats* does "not limit" (Pet. at 17) Vornado's identical claim, seeking identical relief, arising under Section 43(a), based on the following passage from *Bonito Boats*:

> Congress has thus [in Section 43(a)] given federal recognition to many of the concerns that underlie the state tort of unfair competition, and the application of *Sears* and *Compco* to nonfunctional aspects of a product which have been shown to identify source must take account of competing federal policies in this regard.

489 U.S. at 166.

Far from supporting Vornado's position, the language quoted above actually confirms the correctness of the decision of the Court of Appeals in this case. The "federal right to 'copy and to use,'" restated in *Bonito Boats*, 489 U.S. at 165, has *always* been accompanied by a duty to refrain from misrepresenting the source of the "copies." In *Singer Mfg. Co.* v. *June Mfg. Co.*, 163 U.S. 169 (1896), for example, the Court held:

> But it does not follow, as a consequence of a dedication, that the general power, vested in the public, to make the machine and use the name imports that there is no duty imposed, on the one using it, to adopt such precautions as will protect the property of others and prevent injury to the public interest, if by doing do so no substantial restriction is imposed on the right of freedom of use.

163 U.S. at 186.

The same point was made in *Compco*, 376 U.S. at 238:

> A State of course has power to impose liability upon those who, knowing that the public is relying upon an original manufacturer's reputation for quality and integrity, deceive the public by palming off their copies as the original.

The reference to Section 43(a) in *Bonito Boats* merely reiterated what this Court has consistently held: "'[T]he law which

permits one to market an identical copy of his competitor's product does not give him freedom to imitate the appearance of the *package* in which the article is sold.'" *Fabrica Inc.* v. *El Dorado Corp.*, 697 F.2d 890, 895 (9th Cir. 1983) (citation omitted) (emphasis added); *see Bonito Boats*, 489 U.S. at 154 (noting that states may protect "'distinctive dress in the packaging of goods'") (quoting *Sears*, 376 U.S. at 232).

No claim is made, or could be made, that the "Patented AirTensity™ Grill" constitutes "packaging" used "on" or "in connection with" goods sold by Petitioner, and which could be removed while leaving the goods intact. It is, rather, a "significant inventive element of Vornado's patented fans" (58 F.3d at 1510), without which "the Vornado fan would not be the same invention that it is" (*id.* at 1503). Nothing in the text of Section 43(a) encompasses such a structure,[11] and the plain meaning of the words "trade dress" excludes it as well.

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[11] The Congress knows how to enact trademark protection for product configurations when that is intended. Section 23(c) of the Lanham Act, 15 U.S.C. § 1091(c), provides that for purpose of registration on the *supplemental* register, "a mark may consist of any trade-mark, symbol, label, package, *configuration of goods*, . . . or device" (emphasis added). The supplemental register was established to facilitate the registration in foreign countries of subject matter, such as "configuration of goods," which the United States did not regard as trademark (as distinct from patent) subject matter. *See Hearings on H.R. 9041 Before the House Comm. on Patents*, 75th Cong., 3d Sess. 180 (1938) ("The primary purpose of this supplemental register is to get registration abroad."). Registration on the supplemental register expressly does not imply any exclusive trademark rights in the United States. 15 U.S.C. § 1094.

II. THE DECISION BELOW DOES NOT CONFLICT WITH THAT OF ANY OTHER CIRCUIT.

Contrary to Vornado's assertion, the Tenth Circuit's decision is fully in accordance with the reasoning and holdings of the latest decisions of the Courts of Appeals dealing with product configurations. It is widely recognized that:

> [t]he penumbra of the federal patent laws restricts the degree to which courts may grant legal recognition of consumer reliance on product configurations as source indicators, for their limited scope of protection impliedly imposes restraint on the workings of Section 43(a).

Versa Products Co. v. *Bifold Co.*, 50 F.3d 189, 204 (3d Cir.), *cert. denied*, ___ U.S. ___, 116 S. Ct. 54 (1995); *accord Elmer* v. *ICC Fabricating, Inc.*, 67 F.3d 1571, 1580 (Fed. Cir. 1995) (holding that a patentee cannot "bypass the statutory requirements of the patent laws and obtain broadened patent protection under the guise of trade dress law"); *Thomas & Betts Corp.* v. *Panduit Corp.*, 65 F.3d 654, 658 (7th Cir. 1995) ("[T]he penumbra of the patent laws require[s] that competitors be able to slavishly copy the design of a successful product."); *Jeffrey Milstein, Inc.* v. *Greger, Lawlor, Roth, Inc.*, 58 F.3d 27, 32 (2d Cir. 1995) ("[O]verextension of trade dress protection can undermine restrictions in copyright and patent law.").

The Tenth Circuit's decision in this case is merely a particularized application of the principle cited above, and was occasioned by an egregious attempt by this Petitioner to broaden a patent monopoly through misuse of federal trademark law. There is nothing in the assertedly "conflicting" decisions cited by Vornado which indicates that those other courts would reach a different result on the facts of this case than the Tenth Circuit reached here.

Kohler Co. v. *Moen Inc.*, 12 F.3d 632 (7th Cir. 1993), did not arise under 15 U.S.C. § 1125(a), involved no prayer for injunctive relief, and involved no issued or expired patents. The issue in *Kohler* was whether the ornamental shape of a bathroom faucet

fixture which allegedly had acquired "secondary meaning" could be registered as a "trademark" under 15 U.S.C. § 1052. The *Kohler* court stated that "a product's shape is never inherently distinctive," 12 F.3d at 641 n.11, and the Seventh Circuit has since clarified that under Section 43(a), courts may not enjoin use of a product configuration "whose value to consumers is intrinsic and not *exclusively* as a signifier of source," *Thomas & Betts*, 65 F.3d at 657 (emphasis added). The Petitioner's "trade dress" claim clearly would have failed under the law of the Seventh Circuit.

Ferrari S.P.A. Esercizio v. *Roberts*, 944 F.2d 1235 (6th Cir. 1991), *cert. denied*, 112 S.Ct. 3028 (1992), was a suit to enjoin sales of exact replicas of Ferrari automobiles whose exterior shape was found to have "secondary meaning." The *Ferrari* case involved no issued or expired patents, but merely an argument by the defendant that "automobile designs are to be protected from copying pursuant to the *design* patent statute." 944 F.2d at 1240 (emphasis added). The Tenth Circuit in the present case expressly declined "to take a position on whether utility patents should be viewed differently than design patents" (58 F.3d at 1503 n.11). This Court in *Bonito Boats* observed, "Trade dress is, of course, potentially the subject matter of *design* patents." 489 U.S. at 154 (emphasis added).

Nothing in the *Ferrari* case holds that use of structures disclosed in an expired *utility* patent can be enjoined under 15 U.S.C. § 1125(a), or that the holder of a *utility* patent can avoid claim limitations by characterizing claimed structures as "trade dress." Further, the conclusion of "secondary meaning" in *Ferrari* was not based on the "primary significance" standard which this Court subsequently endorsed in *Qualitex*, 115 S. Ct. at 1303.

Clamp Mfg. Co. v. *Enco Mfg. Co.*, 870 F.2d 512 (9th Cir.), *cert. denied*, 493 U.S. 872 (1989), was a suit to enjoin use of a "C" clamp. The Ninth Circuit affirmed, as not clearly erroneous, factual determinations that the design of the "C" clamp in question was "nonfunctional" and had acquired "secondary meaning." 870 F.2d at 516-17. The *Clamp* decision did not cite to *Bonito Boats* or any of its predecessors, and "appears to have assumed without discussion that

all nonfunctional product configurations can be used as trademarks or trade dress" (58 F.3d at 1509).

The *Clamp* decision was issued just a few days after this Court's *Bonito Boats* decision and relied on C.C.P.A. authority which this Court clearly discredited in *Bonito Boats*. 870 F.2d at 516 (citing *Morton-Norwich*). Yet even the *Clamp* decision required proof of "secondary meaning" as a condition to "trade dress" protection of a product configuration. As noted above, the Petitioner here failed to establish "secondary meaning," *i.e.*, that the "primary significance of the design in the consumer's mind was as a brand identifier, rather than as a grill type" (58 F.3d at 1502 n.7). The Petitioner's claim would thus have failed in the Ninth Circuit too.

The Tenth Circuit's conclusion that "the functionality doctrine does not eliminate overlap between the Patent Act and the Lanham Act" (58 F.3d at 1507) in no way conflicts with that of any other Circuit. The Tenth Circuit has its own judge-made definition of "functionality" which considers "whether 'the protection of the configuration would "hinder competition or impinge upon the rights of others to compete effectively in the sale of goods."'" *Brunswick Corp.* v. *Spinit Reel Co.*, 832 F.2d 513, 519 (10th Cir. 1987) (quoting dictum from *Sno-Wizard Mfg., Inc.* v. *Elsemann Prods. Co.*, 791 F.2d 423, 426 n. 3 (5th Cir. 1986) (citation omitted)).

The Tenth Circuit's definition of "functionality" is largely if not wholly extraneous to the legal standards governing the grant or denial of patents (58 F.3d at 1506). Like much of the law cited in Vornado's petition, the *Brunswick* "test" of "functionality" was announced prior to *Bonito Boats* and does not even purport to accommodate the "federal right to 'copy and to use'" which that decision reaffirmed, 489 U.S. at 165, and which all of the Courts of Appeals are now recognizing and incorporating into their Section 43(a) jurisprudence.

The Seventh Circuit, for example, one of those circuits which Petitioner claims is in "conflict" with the Tenth Circuit, recently cited the Tenth Circuit's decision and held:

> Copying is not only good, it is a federal right -- a necessary complement to the patent system's grant of limited monopolies.

Thomas & Betts, 65 F.3d at 657.

In short, Petitioner's claim of "conflict" with other Circuits is based on the same superficial and erroneous interpretation of precedents which gave rise to this frivolous lawsuit in the first place. Duracraft has been put to unconscionable burden and expense in defending this three-year-old case which should now, finally, come to an end.

The decision below follows faithfully the decisions of this Court and is in the mainstream of the latest decisions of the Courts of Appeals dealing with product configurations.

CONCLUSION

The petition should be denied.

Dated: December 1, 1995

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MOTION FILED

DEC 1 1995

(3)

No. 95-524

In The

Supreme Court of the United States

October Term, 1995

VORNADO AIR CIRCULATION SYSTEMS, INC.,

Petitioner,

v.

DURACRAFT CORPORATION,

Respondent.

On Petition For Writ Of Certiorari
To The United States Court Of Appeals
For The Tenth Circuit

MOTION FOR LEAVE TO FILE BRIEF AS AMICI CURIAE AND BRIEF OF THOMAS & BETTS CORPORATION AND THOMAS & BETTS HOLDINGS, INC. IN SUPPORT OF THE PETITION

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28 pp

MOTION OF THOMAS & BETTS CORPORATION AND THOMAS & BETTS HOLDINGS, INC. FOR LEAVE TO FILE BRIEF AS AMICI CURIAE IN SUPPORT OF THE PETITION

Pursuant to Rule 37.2 of the Rules of this Court, Thomas & Betts Corporation and Thomas & Betts Holdings, Inc. (collectively "T&B") respectfully move this Court for leave to file the attached brief as *amici curiae* in support of the petition for a writ of certiorari. The written consent of petitioner has been filed with the Clerk. Counsel for respondent has withheld consent.

T&B's interest in this case arises from the fact that it is plaintiff-appellee in *Thomas & Betts Corp. v. Panduit Corp.*, 65 F.3d 654 (7th Cir. 1995), *reh'g denied and suggestion for reh'g en banc declined*, No. 94-3911 (7th Cir., Oct. 23, 1995), in which the decision of the Tenth Circuit for which review is now sought was discussed at length and carried further. While the Seventh Circuit's discussion of the subject Tenth Circuit decision was dicta in *Thomas & Betts*, it may nonetheless severely impact T&B in subsequent proceedings as a ground for denying T&B trade dress protection in the ongoing *Thomas & Betts* litigation.

T&B's amicus brief will be of value to the Supreme Court because it brings to the Court's attention two recent court of appeals decisions which were not addressed in the petition: the Seventh Circuit's September 14, 1995 decision in *Thomas & Betts*, as well as the October 10, 1995 decision in *Elmer v. ICC Fabricating, Inc.*, 67 F.3d 1571 (Fed. Cir. 1995). The *Thomas & Betts* and

Elmer decisions further complicate the conflicts and confusion in the law on the very issue addressed in the present petition.

T&B's amicus brief also brings to the Court's attention a unique situation among the courts of appeal which diminishes the likelihood that those courts will satisfactorily resolve the conflict among themselves without Supreme Court guidance. As explained in T&B's amicus brief, the issue raised by the petition involves the relationship between the patent laws and the Lanham Act. The regional circuits (such as the Tenth Circuit, from which the present case arises) have had no recent experience in core patent law issues, inasmuch as exclusive jurisdiction over patent infringement actions has been vested in the Federal Circuit since 1982. On the other hand, the Federal Circuit, which has extensive experience in patent matters, defers to the discernible law of the regional circuits on issues such as trade dress when it decides a case that includes trade dress infringement issues. As a consequence of this, no coherent approach to the issue for which review is here sought is likely to emerge from the courts of appeal, a situation which undermines Congress' intent in establishing the Federal Circuit, *i.e.*, uniformity and certainty in the patent law area.

T&B's amicus brief also brings to the Supreme Court's attention the potentially far-reaching effects of the Tenth Circuit's decision on intellectual property owners, especially when considered with the subsequent *Thomas & Betts* decision, in which a separate petition for certiorari will be filed shortly. In *Thomas & Betts* (based upon separate dicta in the *Vornado* decision for which

review is here sought), the Seventh Circuit imposed a new and onerous burden on trade dress owners in connection with establishing "secondary meaning" in product configurations under the Lanham Act. The *Vornado* and *Thomas & Betts* decisions are closely related and, taken together, effectively cripple the ability of innovators to establish and vindicate trade dress rights in product configurations under the Lanham Act. As T&B explains in its amicus brief, the special rules and restrictions erected by the Tenth Circuit – and now the Seventh Circuit – run counter to the Supreme Court's most recent decisions in the trade dress area.

Accordingly, T&B seeks to submit this brief as *amici curiae* to assist the Supreme Court in evaluating the public importance and the practical consequences of utilizing patents as an absolute bar against product configuration trade dress rights under the Lanham Act. For this reason, T&B requests that its motion for leave to file the accompanying brief be granted.

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BRIEF AMICUS CURIAE OF THOMAS & BETTS CORPORATION AND THOMAS & BETTS HOLDINGS, INC. IN SUPPORT OF THE PETITION

Thomas & Betts Corporation and Thomas & Betts Holdings, Inc. (collectively "T&B") respectfully submit this brief as *amici curiae* in support of the petition for a writ of certiorari filed by Vornado Air Circulation Systems, Inc. ("Vornado").

INTEREST OF THE AMICI CURIAE

As explained more fully in the attached motion for leave to file this brief, T&B's interest in this case arises from the fact that T&B is plaintiff-appellee in *Thomas & Betts Corp. v. Panduit Corp.*, 65 F.3d 654 (7th Cir. 1995), *reh'g denied and suggestion for reh'g en banc declined*, No. 94-3911 (7th Cir., Oct. 23, 1995). In *Thomas & Betts*, the Seventh Circuit relied upon the decision of the Tenth Circuit in this case in its discussion of the relationship between patents and trade dress law.

ARGUMENT

1. Preliminary Statement

The Tenth Circuit's decision is wrong. It purports to resolve a conflict between the patent laws and the Lanham Act which does not exist, since patent rights and trade dress rights are manifestly different from each other. But even assuming that a conflict does exist, it is *already* being resolved by the functionality doctrine (sometimes referred to as the "competitive need" test). Further, the Tenth Circuit's view that a feature should be barred from trade dress protection if the feature is but one element of a combination claimed in a patent is based on a faulty premise which misapprehends the concept of a patent claim directed to a *combination* of elements. It is

black letter law that *all elements* of a combination patent claim are material and essential, such that to establish patent infringement, a patentee must show that *all elements* or their substantial equivalents are present.[1] Thus, the presence of the spiral grill as one of several elements in Vornado's combination patent claims never did and never could give Vornado any exclusive patent-based rights in the spiral grill *per se*. Vornado should not have been denied trade dress protection based upon its patent.

In any event, whether or not the Supreme Court ultimately agrees with the petitioner and T&B that the Tenth Circuit has erred, Vornado's petition should be granted because:

- As discussed below in Section 2, the conflict among the circuits discussed in Vornado's petition has now been compounded by *Thomas & Betts Corp. v. Panduit Corp.*, 65 F.3d 654 (7th Cir. 1995), *reh'g denied and suggestion for reh'g en banc declined*, No. 94-3911 (7th Cir., Oct. 23, 1995), which indicates that the *Vornado* decision was "misguided" and did not go far enough. The *Thomas & Betts* decision suggests that features which are merely *disclosed* in a patent (even if not claimed) may be sufficiently important to be barred from trade dress protection under the *Vornado* rationale, even if such features are distinctive and non-functional. Additionally, the law has now been confused even further by *Elmer v. ICC Fabricating, Inc.*, 67 F.3d 1571 (Fed. Cir. 1995). *Elmer*, applying the trade dress law of the Eleventh Circuit and not mentioning either *Vornado* or *Thomas & Betts*, states that where trade dress rights are "essentially coextensive" with or broader than patent claims, they may frustrate the patent laws and, as such, are invalid; however, if the trade dress

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[1] *See, e.g., Lemelson v. United States*, 752 F.2d 1538, 1551 (Fed. Cir. 1984).

rights are defined more narrowly, the situation might be different. The three approaches are substantially different and would lead to significantly different results in a given case.

- As discussed below in Section 3, it is extremely unlikely that the courts of appeal will ever develop a coherent approach to the relationship between patents and trade dress without guidance from the Supreme Court. Because the Federal Circuit has had exclusive jurisdiction over patent infringement actions for over a decade, it is the only court of appeals with significant experience in the patent field. However, since the Federal Circuit applies the trade dress law of the regional circuits in appeals from district courts which include both patent and trade dress infringement claims,[2] even the Federal Circuit will not develop a coherent approach to the relationship between patents and trade dress. This unique fractionalization of subject matter jurisdiction will lead to increased confusion, rather than a coherent approach that will attract a consensus among the circuits. Allowing these conflicts to continue undermines the congressional policy of encouraging uniformity in the patent law area which led to the creation of the Federal Circuit.

- As discussed below in Section 4, the implications of *Vornado* (as expanded by *Thomas & Betts*) are enormous. Patent claims virtually always involve combinations of old elements or features, each of which are separately unpatentable. If *Vornado* is allowed to stand, any feature which is ever identified in a patent claim in an effort to define a patentable combination invention will likely be forever barred from protection under the Lanham Act. And if the Seventh Circuit view that *Vornado* did not go far enough becomes law, then virtually no product feature which is ever mentioned in any

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[2] *See, e.g., Elmer*, 67 F.3d at 1578.

way in a patent will be eligible for trade dress protection, even if it is distinctive and non-functional. This view threatens distinctive and non-functional features that were disclosed in patents that expired years ago (as in *Thomas & Betts*) and patents still in force (as in *Vornado*), and would seem to even jeopardize existing product configuration trade dress rights where the owner may yet obtain a patent in the future. If *Vornado* is not reversed, innovators will be deterred from seeking patent protection (or from disclosing any more information than is absolutely necessary to obtain a patent), thus depriving the public of the benefits of full disclosure of inventions. Other innovators will be deterred from establishing and building up trade dress that assists the public in selecting and distinguishing competitive products.

2. The Conflict Among The Circuits Has Been Compounded By The Post-*Vornado* Decisions In *Thomas & Betts* and *Elmer*

Vornado's petition accurately describes how the Tenth Circuit's decision in *Vornado* conflicts with decisions in the Sixth, Seventh and Ninth Circuits. Prior to *Vornado*, which holds that the patent and trade dress laws conflict and that functionality is an "incomplete answer" to the conflict, several courts – including the Seventh Circuit – had expressed the view that the patent and trade dress laws *do not* conflict and that the functionality doctrine *does* resolve any perceived conflict.[3] The later decisions in *Thomas & Betts* and *Elmer* have now thrown the law relating to the relationship between patents and trade dress into even greater confusion.

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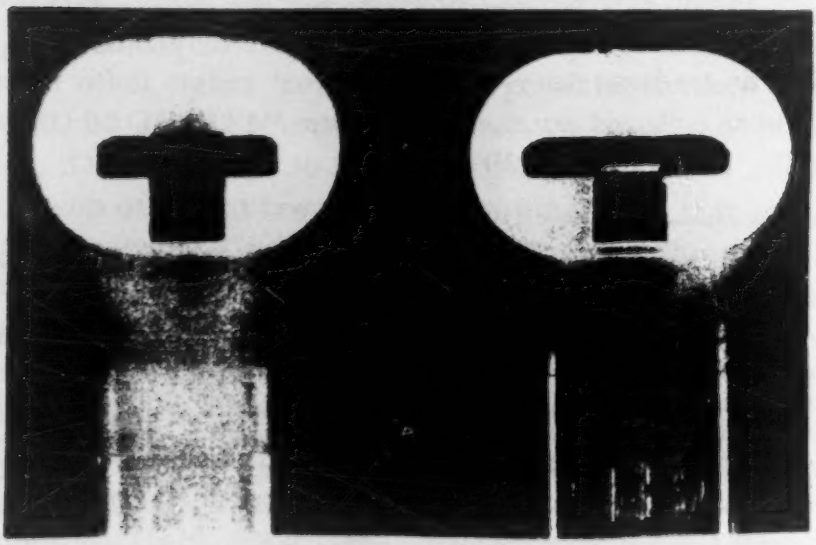
[3] *See, e.g., W.T. Rogers Co. v. Keene*, 778 F.2d 334, 337 (7th Cir. 1985); *Koehler Co. v. Moen, Inc.*, 12 F.3d 632, 642 (7th Cir. 1993); *Mechanical Plastics Corp. v. Titan Technologies, Inc.*, 823 F. Supp. 1137, 1144 (S.D.N.Y. 1993).

a. *Thomas & Betts*

T&B is a manufacturer of "cable ties", *i.e.*, plastic straps which can bundle groups of cables together by inserting one end through a "head" at the opposite end. Since 1962, T&B has been selling a particular line of cable ties having a head with a distinctive oval shape. Between 1965 and 1982, T&B owned a utility patent which covered certain mechanical features of this T&B cable tie. While the specification of T&B's patent disclosed the oval-shaped head, the claims of the patent made no reference to it.

In 1994, Panduit Corp. ("Panduit") introduced a cable tie which substantially duplicated T&B's cable tie, including the oval-shaped head. T&B filed suit in the United States District Court for the Northern District of Illinois alleging, *inter alia*, unfair competition under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a). The following photograph shows the T&B and Panduit cable ties side by side (the T&B tie is on the right):



On December 14, 1994, the district court granted T&B's motion for preliminary injunction.[4] *Thomas & Betts Corp. v. Panduit Corp.*, 34 U.S.P.Q.2d (BNA) 1545 (N.D. Ill. 1994). It found that the trade dress of T&B's cable ties had acquired secondary meaning, *id.* at 1555-57, and that Panduit's marketing of its competitive cable tie was likely to cause confusion, *id.* at 1557-58. The district court also held that Panduit's attempt to prove functionality, based in large measure on the existence of T&B's expired utility patent, had failed. *Id.* at 1558-61.[5]

Panduit sought a stay of the injunction before the Seventh Circuit. On December 23, 1994, a panel of the Seventh Circuit denied the stay, stating:

> Panduit's theory is that when the patent expired the entire product fell into the public domain and became freely copyable. That considerably overstates matters. The patented portions of the product entered the public domain, but "the product" did not. Panduit does not contend, for example, that it could copy the cable tie to the last detail, including the Thomas & Betts logo and similar identifying marks. Non-functional elements of the product's design can serve a role similar to logos and therefore may be protected as trademarks.

Thomas & Betts Corp. v. Panduit Corp., 34 U.S.P.Q.2d (BNA) 1607, 1608 (7th Cir. 1994).

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[4] A magistrate judge presided in the district court by consent of the parties. *See* 28 U.S.C. § 636(c).

[5] The Supreme Court has explained that a product feature is functional if essential to the use or purpose of the article, or if it affects cost or quality, *i.e.*, exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage. *Qualitex Co. v. Jacobson Prods. Co.*, 115 S. Ct. 1300, 1304 (1995); *see also Vornado*, 58 F.3d at 1507 (Pet. App. 26a) (functionality described in terms of "competitive need").

On September 14, 1995, a different panel of the Seventh Circuit reversed the district court's decision. The *Thomas & Betts* decision began with a lengthy discussion of what was described as the federal "right to copy" pursuant to "the penumbra of the patent laws", which the Seventh Circuit gleaned from earlier decisions of this Court. 65 F.3d at 657-58, citing *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 156-57 (1989), *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 120 (1938), and *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169, 185 (1896).

By way of background, the genesis of the purported "right to copy" arising from the expiration of a patent is generally traced to *Singer*. Central to that decision was the belief that upon expiration of a patent, "the right to make the thing covered by the patent becomes public property." 163 U.S. at 185. But what is "the thing covered by the patent" is the combination of elements that is specifically claimed. Upon expiration, the statutory patent right to exclude others from making, using or selling that claimed combination simply ends. *See* 35 U.S.C. § 154 (1952). As noted by the Seventh Circuit stay panel, the suggestion that the expiration of a patent permits violation of other rights "considerably overstates matters." 34 U.S.P.Q.2d at 1608. As stated in *In re Mogen David Wine Corp.*, 328 F.2d 925, 930 (C.C.P.A. 1964), "We know of no provision of patent law, statutory or otherwise, that guarantees to anyone an absolute right to copy the subject matter of any expired patent." For example, if The Coca-Cola Company obtained a patent claiming a new plastic composition useful in making bottles, and if the patent disclosed in its specification the famous fluted COCA-COLA bottle as a product made with such plastic, the expiration of the patent on the new *plastic* should not impair the established trade dress rights in the *bottle*.

Panduit had contended in *Thomas & Betts* that even if a product's feature has acquired secondary meaning and is non-functional, it still cannot be protected as trade dress if it was disclosed in an expired patent. The Seventh Circuit indicated that *Vornado*, decided two months earlier, "comes close to adopting Panduit's proposed rule." *Thomas & Betts*, 65 F.3d at 659. The Seventh Circuit recited how *Vornado* had held that "where a disputed product configuration is part of a claim in a utility patent, and the configuration is a described, significant inventive aspect of the invention, see 35 U.S.C. Section 112, so that without it the invention could not fairly be said to be the same invention, patent law prevents its protection as trade dress, even if the configuration is nonfunctional." *Id.*, quoting *Vornado Air Circulation Systs., Inc. v. Duracraft Corp.*, 53 F.3d 1498, 1510 (10th Cir. 1995) (Pet. App. 35a-36a).

The Seventh Circuit then stated that *Thomas & Betts* was distinguishable from *Vornado*, but that it was not clear to the Seventh Circuit that the differences dictate a different result. In particular, the Seventh Circuit acknowledged that the oval shape of the cable tie head was not claimed in T&B's patent, while the spiral grill was a required element in the patent claims at issue in *Vornado*. *Thomas & Betts*, 65 F.3d at 659-60. However, according to the Seventh Circuit, whether or not a feature is claimed "is not necessarily . . . a good indicator of its relative importance to the invention as a whole", and that the Tenth Circuit's focus on what is or is not claimed was fundamentally "misguided". *Id.* at 660. According to the Seventh Circuit, while the claims define what the patentee receives in terms of the right to exclude competitors, the public receives "the entire invention" which is "primarily" disclosed in the patent specifications which are required by 35 U.S.C. § 112 to fully, clearly and

concisely describe the invention. *Id.* The Seventh Circuit thus suggested that the appearance of a product feature in the *specification* of a patent should bar trade dress rights under the Lanham Act, even if the feature is distinctive and non-functional.[6]

The reasoning of the Seventh Circuit on the relationship between patents and trade dress is erroneous. That a feature appears in a patent *specification* (but not a claim) is even less of a reason to bar trade dress rights out of a concern that trade dress rights could create a perpetual right to exclude. The *claims* are the sole measure of the patent grant, and the patent grant confers no monopoly over features which are not claimed. *Aro Mfg. Co. v.*

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[6] After this lengthy discussion of the relationship between patents and trade dress, the Seventh Circuit simply stated that it need not pass on the correctness of *Vornado*, as it concluded that T&B had not established that its trade dress had acquired secondary meaning. *Thomas & Betts*, 65 F.3d at 660-64. Citing separate dicta in *Vornado* (58 F.3d at 1502 n.7; Pet. App. 11a), the Seventh Circuit held that T&B's evidence did not support a finding of secondary meaning because the district court had improperly defined secondary meaning "as an association in the mind of the consumer between the trade dress of a product and a particular source," *citing* 34 U.S.P.Q.2d at 1555, and instead should have applied a "more stringent" standard, *i.e.*, "that in the minds of consumers the primary significance of the oval head is to identify [T&B's cable tie] as a T&B product" – a standard that was said to be mandated by four Supreme Court decisions. 65 F.3d at 661 n.8, citing *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 120 (1938); *Qualitex Co. v. Jacobson Prods. Co.*, 115 S. Ct. 1300, 1303 (1995); *Two Pesos, Inc. v. Taco Cabana, Inc.*, 112 S. Ct. 2753, 2756 n.4 (1992); and *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 851 n.11 (1982). Because T&B believes that the Seventh Circuit's decision on the secondary meaning issue is clearly incorrect and conflicts with decisions of other circuits, T&B will shortly be filing a petition for certiorari to seek review of that decision.

Convertible Top Replacement Co., 365 U.S. 336, 339-40 (1961). Moreover, the Seventh Circuit (like the Tenth Circuit in *Vornado*) failed to appreciate that the functionality doctrine fully protects the ability of others to compete effectively *without* destroying the good will of the trade dress owner and *without* sanctioning confusion in the marketplace.

b. *Elmer*

The October 10, 1995 decision in *Elmer v. ICC Fabricating, Inc.*, 67 F.3d 1571 (Fed. Cir. 1995), adds further to the confusion and disarray on this issue. In *Elmer*, the Federal Circuit (applying the law of the Eleventh Circuit)[7] stated that enforcing the trade dress rights asserted by the plaintiff, which were "essentially coextensive with, and in fact broader than" the claims of the plaintiff's patent, would frustrate the right of competitors to practice the patented invention after expiration, but that defining the trade dress more narrowly might avoid this concern. 67 F.3d at 1580.

Elmer thus adds to the conflict and confusion as to the extent to which patents may bar trade dress rights under the Lanham Act. But *Elmer*'s fundamental premise is wrong. The Federal Circuit's predecessor court explained in *In re Mogen David Wine Corp.*, 328 F.2d 925, 930 (C.C.P.A. 1964), why patent rights and trademark rights are different, and why patent and trademark rights can never "extend" one another:

> [Trademark rights] exist independently of [the patent monopoly], under different law and for

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[7] *Elmer*, 67 F.3d at 1578 ("Because trade dress issues are not unique to the exclusive jurisdiction of the Federal Circuit, we defer to the law of the regional circuit in which the district court sits"). *See* Section 3, *infra*.

> different reasons. The termination of either has no legal effect on the continuance of the other. When the patent monopoly ends, it ends. The trademark rights do not extend it. We know of no provision of patent law, statutory or otherwise, that guarantees to anyone an absolute right to copy the subject matter of any expired patent. *Patent expiration is nothing more than the cessation of the patentee's right to exclude held under the patent law.* Conversely, trademarks conceivably could end through non use during the life of a patent. We doubt it would be argued that the patent rights should also expire so as not to "extend" them.

328 F.2d at 930 (emphasis added). *Elmer*, like *Vornado* and *Thomas & Betts*, also failed to appreciate the role of the functionality doctrine in resolving any "conflict" between the patent laws and the Lanham Act.

c. The Differences Between The Circuits Are Profound

Three circuits have now accepted the erroneous premise that patents may absolutely bar federal trade dress rights under the Lanham Act, but have reached widely disparate views on how this absolute bar should be applied. The Tenth Circuit in *Vornado* held that if an asserted trade dress feature comprises even one element of a combination patent claim, the feature will likely be ineligible for trade dress protection. In contrast, the Federal Circuit in *Elmer* (applying Eleventh Circuit law) compared the asserted trade dress to the patent claims as a whole, and perceived a problem only when the description of the trade dress appeared broader than the patent's broadest claim. And *Thomas & Betts* indicated that *Vornado* did not go far enough, suggesting that if a feature

was merely disclosed in a patent specification, it ought not be susceptible to trade dress protection.

Thomas & Betts also adds fuel to the debate over whether the functionality doctrine provides a solution to such "conflict". As mentioned above, prior to *Vornado*, several courts had expressly said that this was the case, including the Seventh Circuit. *Vornado* reached the opposite conclusion, describing functionality as an "incomplete answer" to the conflict it perceived.[8] 58 F.3d at 1506 (Pet. App. 24a). Although *Thomas & Betts* did not explicitly discuss whether functionality resolves the "conflict" between the patent laws and the Lanham Act, the Seventh Circuit seems to agree with the Tenth Circuit, since it suggested that the public should be able to use all features disclosed in T&B's patent, with functionality being ascribed no role. Thus, the Seventh Circuit appears poised to join the Tenth Circuit in concluding that a patent constitutes an absolute bar against trade dress rights, even when the trade dress is non-functional.

Contrary to the Seventh and Tenth Circuits are those courts which have held and which continue to hold that patents merely constitute *evidence* of functionality. The Ninth Circuit, for example, has stated that a patent provides one of several factors to be considered in determining functionality. *Clamp Mfg. Co. v. Enco Mfg. Co.*, 870 F.2d 512, 516 (9th Cir. 1989); *see also Dogloo, Inc. v. Doskocil Mfg. Co.*, 893 F. Supp. 911, 918 (C.D. Cal. 1995).

The differences between the circuits on these issues are profound. Under the facts of *Thomas & Betts*, neither

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[8] The Tenth Circuit based this conclusion on the theoretical and highly improbable possibility that when a patent expires, competitors might then wish to copy non-functional features, even though there would be no competitive need or other legitimate reason to do so, given the existence of available alternative designs.

the Tenth Circuit nor the Federal Circuit (applying Eleventh Circuit law) would find T&B's expired patent to be an impediment to trade dress protection, since the claims of T&B's patent made no reference to the oval-shaped head. Other circuits, like the Ninth and the Sixth, faced with the *Vornado, Thomas & Betts* and *Elmer* cases, would likely examine the patents as evidence of functionality, but would impose no bar if non-functionality was found.

Thus, the circuits are even more at odds than they were when the present petition was filed on the relationship between the patent laws and trade dress rights under the Lanham Act. If *Vornado, Thomas & Betts* and *Elmer* are any indication, the circuits will not develop a coherent rule without guidance from the Supreme Court.

3. The Issue Raised By Vornado's Petition Is Unlikely To Be Resolved Satisfactorily By The Courts Of Appeal

Because the Federal Circuit has exclusive jurisdiction over actions arising under the patent laws, and because the Federal Circuit employs an unusual choice-of-law rule as to trade dress issues, *no* court of appeals having significant experience with *both* patent and trade dress issues is likely to ever reach a coherent resolution of the purported "conflict" between the patent and trade dress laws. Unlike the common situation in which a legal issue percolates among appellate courts having equal knowledge and experience on that issue, often resulting in one "better" or "prevailing" rule, the present issue may *never* be resolved satisfactorily because of these unusual jurisdictional and choice-of-law rules – unless the Supreme Court resolves it.

In 1982, Congress vested the Federal Circuit with *exclusive* jurisdiction over all appeals in actions which

include a claim of patent infringement. The Federal Circuit's jurisdiction extends to cases including both a patent claim and other claims under federal or state law, including trade dress claims. *See* 28 U.S.C. §§ 1295(a)(1) and 1338. Thus, for thirteen years, the regional circuits have had no real occasion to take up core patent issues except in the most peripheral way.

On the other hand, when the Federal Circuit decides an appeal like *Elmer* involving both patent infringement and issues which are not committed to its exclusive jurisdiction (such as trade dress infringement under the Lanham Act), it defers to what it believes is the discernible law of the regional circuit.[9] Thus, if *Elmer* had arisen in the Tenth Circuit, the Federal Circuit would have followed *Vornado* on the patent-trade dress interface issues, but would apply completely different precedents if the case arose in a different circuit (as *Elmer* did). Accordingly, in trade dress infringement cases, the Federal Circuit – the one court which deals regularly with patent law issues – will simply adhere to precedent on the patent-trade dress relationship from some other circuit, which is likely to have developed that precedent without the benefit of meaningful experience in patent law.

Congress' decision to create one appellate court to develop a coherent body of law on patent issues has thus had the unique and unintended effect of impeding the courts of appeal from separately or jointly developing a sound legal approach to issues which touch on – but are still beyond – the Federal Circuit's exclusive jurisdiction. Allowing these conflicts to go unresolved has the effect of

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[9] *See, e.g., Elmer*, 67 F.3d at 1578; *Keystone Retaining Wall Sys., Inc. v. Westrock, Inc.*, 997 F.2d 1444, 1447 (Fed. Cir. 1993); *L.A. Gear, Inc. v. Thom McAn Shoe Co.*, 988 F.2d 1117, 1129 n.5 (Fed. Cir. 1993).

undermining Congress' desire for uniformity and certainty in patent-related areas, a goal that was instrumental in leading to the creation of the Federal Circuit. *See Christianson v. Colt Industries Op. Corp.*, 486 U.S. 811, 813 (1988). Only the Supreme Court can provide guidance to all of the federal courts on the extremely important issues raised by Vornado's petition: harmonizing the patent laws and the Lanham Act so that the public is able to benefit from vigorous competition and technological advancement without being deceived by unfair competition.

4. Resolution Of The Issue Raised By The Petition Will Impact Numerous Litigants And Countless Innocent Purchasers

The *Vornado, Thomas & Betts* and *Elmer* cases all involved plaintiffs which at one time or another had patents covering at least some aspect of their product, and also had at least substantial claims of product configuration trade dress rights. These three cases represent just the tip of the iceberg. It is not a coincidence that innovative individuals and companies that create and market distinctive products which achieve trademark significance in the marketplace also receive patents which cover some aspect or feature of the same product. In some situations, like *Vornado*, the patent is still in force but the copier has avoided it; and in other situations like *Elmer*, the copier has arguably infringed both the patent and trade dress rights. In cases like *Thomas & Betts*, the patent was long expired and thus was no longer a concern to the copier, but the expired patent was seized upon by the copier as a purported justification for violating trade dress rights that had been built up over several decades, including twelve years after the patent's expiration.

The issues raised by the present petition are thus important to all innovators, such as the plaintiffs in *Vornado, Thomas & Betts* and *Elmer*. Rights under the Lanham Act, which manufacturers have built up by selling, advertising and standing behind quality products, are now being jeopardized by patents that expired years ago, by patents that are now in force, and perhaps even by patents that have not yet issued. Likewise, resolution of the issue is important to competitors of the innovators who wish to copy successful products as closely as possible, but only to the extent that they may do so without violating legitimate rights under the intellectual property laws.

Further, the Supreme Court has repeatedly held that a basic purpose of the patent laws is to promote public disclosure of inventions. *See, e.g., Bonito Boats*, 489 U.S. at 972 (public disclosure and use is "centerpiece" of federal patent policy); *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257, 262 (1979). That objective is achieved by the patent laws' requirement of full and complete disclosure. *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 480-81 (1974).[10] Decisions like *Vornado, Thomas & Betts* and *Elmer*, which threaten to forever bar protection of product configurations under the Lanham act if a feature is but part of a claimed combination or even just disclosed in a patent, cannot and do not promote full disclosure. On the contrary, they place it at risk by giving patent applicants an incentive to omit from their patent specifications details which are not essential to comply with the full disclosure requirements of the patent statutes but which,

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[10] Every patent's specification must describe the invention fully, clearly and concisely to enable those skilled in the art to practice the invention, and must set forth the best mode contemplated for carrying out the invention. 35 U.S.C. § 112, ¶ 1.

if disclosed, still enrich and advance technology. If forced to elect between trade dress rights and patents, some innovators may even choose not to seek patent protection at all. Other innovators may choose not to establish and develop trade dress rights, thus depriving the purchasing public of an important means of identifying and distinguishing competitive products from each other.

Finally, countless innocent purchasers and consumers have a significant stake in this Court's resolution of Vornado's petition. They are the victims of confusion, buying the copier's product thinking it comes from the innovator. The Tenth Circuit in *Vornado* (which had not decided a patent case in over a decade) weighed what it considered "the patent system's core goals" and "core patent principles," 58 F.3d at 1508, 1509 (Pet. App. 31a, 34a), against the principles of the Lanham Act, and resolved the perceived "conflict" against innocent purchasers, even though the district court had found that Vornado's trade dress was not functional, such that it was not essential for effective competition. The Supreme Court may well conclude that sacrificing the right of the public to be free of confusion is too great a price to pay in order to vindicate a purported "right to copy" that does not appear in any statute. While courts should promote competition, there is no reason to promote *unfair* competition.

5. *Vornado* and *Thomas & Betts* Raise Closely Related Questions

While T&B respectfully urges this Court to grant certiorari and decide the important issues raised by Vornado's petition, in the alternative, T&B respectfully urges this Court to hold Vornado's petition and consider it with the petition for certiorari which will be filed shortly in *Thomas & Betts*. In that petition, T&B will present the question whether, to establish trademark rights under the

Lanham Act in a product configuration having both functional and non-functional features, a manufacturer must overcome a "more stringent" standard under a "primary significance" test (as held by the Seventh Circuit, 65 F.3d at 661, and as suggested by the Tenth Circuit in *Vornado*, 58 F.3d at 1502 n.7 (Pet. App. 11a)), under which the secondary meaning must be shown to be solely attributable to non-functional features – a holding which conflicts with decisions of the Supreme Court and other circuits. T&B will urge the Supreme Court to consider whether the Seventh Circuit has improperly mixed two separate and legally distinct qualities (*i.e.*, the ability of a product configuration as a whole to indicate source to consumers, and the need of competitors to utilize legally functional features in order to compete effectively) by requiring that secondary meaning arise solely from non-functional features.

The issues raised by the *Vornado* and *Thomas & Betts* petitions are closely interrelated. The Tenth Circuit held that the reference to an asserted trade dress feature in a patent claim could be an absolute bar to trade dress protection, and stated in dicta that a "more stringent" secondary meaning standard regarding "primary significance" also was potentially fatal to Vornado's rights. The Seventh Circuit in *Thomas & Betts* held that T&B was not entitled to protection on the basis of the "primary significance" standard for secondary meaning, and indicated that the Tenth Circuit appeared to be correct regarding the impact of a patent, except that the Tenth Circuit did not go far enough. Together, the Tenth Circuit and Seventh Circuit have erected two related non-statutory barriers restricting product configuration protection under the Lanham Act. These are akin to the "special legal rule" struck down in *Qualitex*, 115 S. Ct. at 1308, and the

"superfluous" requirements found to be improper in *Two Pesos*, 112 S. Ct. at 2760.

Above and beyond the foregoing, in both cases, the Tenth and Seventh Circuits perceived – or created – conflicts based upon a misunderstanding of the functionality doctrine. As noted just months ago in *Qualitex*, "the federal courts have demonstrated that they can apply this doctrine in a careful and reasoned manner, with sensitivity to the effect on competition." 115 S. Ct. at 1306. The concern raised in *Vornado* – that trade dress rights in product configurations threaten to create perpetual patent-like impediments to competition – is seen upon close analysis as having already been resolved by considering functionality (on the basis of patents and any other relevant evidence), since functionality assures that trade dress rights may not be employed to hinder the ability to compete effectively. In *Thomas & Betts*, the Seventh Circuit's belief that secondary meaning in product configuration trade dress must be attributable solely to nonfunctional features is likewise based on a failure to appreciate the role of the functionality doctrine, and increases enormously the difficulty of establishing trade dress rights.

The *Vornado* and *Thomas & Betts* decisions together effectively eviscerate an important part of the Lanham Act and make it virtually impossible to establish rights in product configurations. Granting either petition for certiorari would be an important step in clarifying rights under the Lanham Act. Granting both would provide the Supreme Court with an opportunity to establish clear legal guidelines in this troublesome area which involves important and interrelated issues and which is rapidly spawning conflicting and erroneous decisions.

CONCLUSION

The petition for certiorari should be granted.

Respectfully submitted,

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No. 95-524

IN THE
SUPREME COURT OF THE UNITED STATES
OCTOBER TERM, 1995

VORNADO AIR CIRCULATION SYSTEMS,INC.,
Petitioner,
v.
DURACRAFT CORPORATION,
Respondent.

ON PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE TENTH CIRCUIT

REPLY TO BRIEF IN OPPOSITION

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IN THE
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OCTOBER TERM, 1995

VORNADO AIR CIRCULATION SYSTEMS, INC.,
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v.
DURACRAFT CORPORATION,
Respondent.

REPLY TO BRIEF IN OPPOSITION

Petitioner, Vornado Air Circulation Systems, Inc. ("Vornado"), submits this reply to the brief of Duracraft Corporation ("Duracraft") in opposition to the petition for writ of certiorari. Petitioner seeks to have this Court harmonize the relationship between the federal patent laws and the federal trademark laws and to rectify profound differences between the circuits as to whether a feature of a useful article appearing in a patent is eligible for trade dress protection.

1. This Civil Action Is Not A Patent Case

This Court should establish, once and for all, the basic principle that the patent laws and unfair competition laws (including the law of trademarks) must be construed, if possible, in harmony with each other and not inconsistently construed by different circuits. The Tenth Circuit expressly acknowledged a split. (Appendix A, 33a).

By Duracraft's deliberate actions in copying Vornado's source identifier, the District Court found that there is actual confusion (Appendix B, 91a-92a) as well as likelihood of confusion (Appendix B, 94a-95a), without refutation by the Tenth Circuit or Duracraft. Yet, this clear violation of trademark law has been disregarded in a process which elevates patent law over trademark law rather than harmonizing the two.

Duracraft argues (at 24) that Vornado attempts to broaden a patent monopoly through misuse of federal trademark law. This statement is obviously in error since Vornado has no patent monopoly on its grill structure. Vornado has a utility patent claiming a ducted fan with multiple elements, one of which is the spiral grill. The grill itself was never patented, the general idea being in the public domain. What is self-evident from the record is the following:

- There is no charge of patent infringement.
- There is no claim or patent on the grill per se.
- Duracraft did not copy an expired patent.

The Tenth Circuit stated that the grill was a "significant inventive element of Vornado's patented fans". The fact that one of the reissue claims of Vornado's patent does not even claim the spiral configuration of the grill shows that this statement by the Tenth Circuit is without any

basis. Certainly, the District Court made no findings on that issue since the concept of denying protection to a "significant inventive element" of a patented object was a newly created judicial concept.

2. The Error Of The Tenth Circuit Has Been Compounded By Post-Vornado Decisions In Thomas & Betts And Elmer

Subsequent decisions of the Seventh Circuit and Federal Circuit (applying the law of the Eleventh Circuit) have vastly undercut the law of unfair competition under Section 43(a) for trade dress protection through extension of the Tenth Circuit *Vornado* decision. In *Thomas & Betts v. Panduit Corp.*, 65 F.3d 654, 660 (7th Cir. 1995), the Seventh Circuit argued that the focus of the Tenth Circuit on what is or is not claimed was fundamentally "misguided". As the Seventh Circuit correctly points out, the claims of the patent define what the patentee receives in terms of the right to exclude competition, but the public receives the "entire invention", which is "primarily" disclosed in the patent specification. Thus, the Seventh Circuit suggested that anything disclosed in the specification of a patent should bar trade dress rights under the Lanham Act.

In *Elmer v. ICC Fabricating, Inc.*, 67 F.3d 1571 (Fed. Cir. 1995), the Court found that enforcing trade dress rights which were "essentially coextensive with, and in fact broader than" the claims of Elmer's patent would frustrate the right of competitors to practice the patented invention after expiration.

The next logical extension of these cases is to find that no trade dress protection exists in configurations since any configuration, not covered by the claims of a patent, is

free to be copied **under the patent laws**. Why should the fact that an element is disclosed, or not disclosed, in the specification or claim of a patent have any bearing on its ability to achieve trade dress protection?

Through a literal reading of *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141 (1989), one could conclude that trade dress protection should be excluded in all instances. For instance, this Court said in 489 U.S. at 156:

> At the same time, we have consistently reiterated the teaching of Sears and Compco that ideas once placed before the public without the protection of a valid patent are subject to appropriation without significant restraint.

While the decision is in absolutist terms, the recognition by this Court of trade dress protection indicates an implicit recognition of the balance and harmonization of federal remedies.

3. Federal Right To Copy And Use Is Not Unfettered

Citing *Bonito Boats,* Duracraft urges (at 16) that there is an unfettered federal right "to copy and to use" -- but to copy and use what? *Bonito Boats* is silent on that issue, but the logical object of these infinitives is the **claimed invention**. The Vornado spiral grill is not the claimed invention; it is but one element of a multi-element claim. The District Court's finding (Appendix B, 77a) that Duracraft had failed to meet its burden of showing that the spiral configuration of the Vornado grill was functional has

not been challenged before the Tenth Circuit.

This Court in *Compco Corp v. Day-Brite Lighting*, 376 U.S. 234, 238 (1964), said that a competitor can copy at will if the design is "not entitled to a design patent or other federal statutory protection." This Court in *Bonito* again acknowledged that Section 43(a) of the Lanham Act creates a federal remedy for preventing the use of a false designation of origin and that the application of *Sears* and *Compco* to the nonfunctional aspects of a product must take into account competing federal policies. 489 U.S. at 166.

If the "federal right to copy" takes precedence over the federal law of unfair competition, does it also take precedence over copyright protection?* Upon expiration of a design patent, can one copy and use that which may also be covered by copyright? What takes precedence -- copyright protection or trademark or unfair competition protection?

The federal right to copy and to use is not unlimited. For instance, can it be argued that a drug covered by an expired patent can be used in violation of FDA regulations? There has never been an unfettered right to copy and to use. It can only be said that after the expiration of a patent, the patent laws will not prevent such copying or use.

Under the power granted to the Congress in Art. I, Sec. 8, Cl. 8, of the Constitution, Congress has enacted the copyright statute (Title 17) and the patent statute (Title 35). Under Art. I, Sec. 8, Cl. 3, Congress enacted the trademark statute (Title 15). There are areas of overlap which

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* The Supreme Court has held that there is an area of overlapping statutory subject matter between copyrights and design patents. Mazer v. Stein, 347 U.S. 201, 217 (1954).

Congress, through its legislation, has understood the Constitution as permitting. *Application of Yardley*, 493 F.2d 1389, 1395-96 (CCPA 1974) (discussing the subject matter of a copyright and design patent). The Court of Customs and Patent Appeals did not think the Constitutional provisions required an election between these forms of protection. Id. Therefore, there is no justification for requiring an election between protection under Title 35 (patents) and Title 15 (§ 1125(a) - unfair competition).

4. Patent And Trademark Rights Can Coexist Without Conflict

More than 30 years ago, the Court of Customs and Patent Appeals explained in *In re Mogen David Wine Corp.*, 328 F.2d 925, 930 (CCPA 1964), that

> "[trademark rights] exist independently of [the patent monopoly], under different law and for different reasons. The termination of either has no legal effect on the continuance of the other. When the patent monopoly ends, it ends. The trademark rights do not extend it."

No attempt is made by Vornado in this civil action to extend or modify patent protection. Rather, Vornado simply seeks to prevent the copying of certain trade dress to avoid confusion of the public.

5. Protection Of The Public Is A Worthy Goal

Ignored by Duracraft in its tortuous attempt to convert this action into a patent case and also ignored by the Tenth Circuit is the fact that the public is the loser under the

Tenth Circuit Vornado decision. There is no challenge to the findings of actual confusion and likelihood of confusion. How should the public, therefore, avoid confusion? Certainly, confusion will not be avoided by inquiring whether the element causing confusion is a significant inventive aspect of some invention.

CONCLUSION

For the reasons set forth, Vornado respectfully petitions this Court for a writ of certiorari to review the judgment of the Tenth Circuit.

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